

Violent clashes over Shah

There was widespread violence in Iran as massive demonstrations against the Shah went into a second day. A number of people were killed.

In Isfahan, where a number of Americans work, several people died in a clash with security police. Demonstrators attacked the local SAVAK (secret police) building.

Other buildings were set on fire and statues of the Shah were pulled down in several cities.

In Tehran, however, another million people gathered peacefully, with troops keeping well in the background. Back and Pak 4.

Court plea by Thorpe lawyer

Sir David Napley, for Jeremy Thorpe, told a court that the prosecution had failed to make a case on which any reasonable jury could convict. Sir David said Peter Russell's evidence was unreliable because he had been given immunity from prosecution and because of "cheque-book journalism."

A defence submission was also made for George Deakin, another of the four men accused of plotting to murder Norman Scott. The submission was likely to lead to a decision on whether all or any of the four should be sent for trial.

Tel Aviv raid

Armed men seized the West German cultural centre in Tel Aviv and took several hostages. Police said the raiders are led by Andrei Kolomoyski, who took part in a raid on the West German embassy in Tel Aviv last year.

Rhodesia attack

Rhodesian military headquarters said it had staged a series of preventive air strikes to stop a build-up of guerrillas and supplies in Mozambique. Mozambique said 26 people were killed and 73 wounded in one of the attacks. Page 4.

Report snag

The Housing Corporation has had to postpone the publication of its accounts, due yesterday, because of a possible error involving "a few million pounds". The corporation said the problem was a technical one. Page 5.

Chaplin case

A 24-year-old Polish refugee admitted in a Swiss court that he dug up the body of comedian Charlie Chaplin and tried to sell it back to the Chaplin family because he needed money. Roman Wardas is accused with another man of attempted extortion and desecrating Chaplin's tomb.

Law 'a muddle'

The Criminal Bar Association says the law on which police have their investigating power is in "a muddle" and a comprehensive statutory code is needed. The criticisms come in evidence to the Royal Commission on criminal procedure.

Canny Scots

The image of Scots as being thrifty is correct—and that's official. A report from Strathclyde University shows that Scottish families save a proportion of their income which is two or three times higher than in England and Wales. Page 7.

Briefly

Tory motion criticising Government North Sea oil policy was rejected by 38 votes in the Commons.

Masked gunmen stole \$5m from a cargo terminal at Kennedy airport, New York.

Consumer Council wants all restrictions on Sunday trading abolished.

Polish Price Commission cut prices of tights and stockings by 25 per cent to encourage women to buy them rather than mend old ones.

More than 3,000 members of the Philippines (Luzon) have been sacked in four years for offences ranging up to murder.

Chief price changes yesterday

| RISERS | | FALLS | |
|-----------------------|----------|---------------------|----------|
| Alzinate | 253 + 23 | Pentons | 110 + 6 |
| Armour Trust | 141 + 31 | Saatchi & Saatchi | 146 + 6 |
| Bibby (J.) | 298 + 14 | Savoy A | 79 + 4 |
| British Enkalon | 131 + 24 | S.E.T. | 71 + 7 |
| City Hotels | 128 + 7 | Tunnel B | 308 + 7 |
| Common Bros | 176 + 7 | White Child & Beney | 108 + 4 |
| E.R.P. | 142 + 5 | Wormfontein | 251 + 21 |
| Edwards (L.C.) | 221 + 3 | Durban Deep | 298 + 13 |
| Electrocomponents | 330 + 10 | Grosveti | 96 + 8 |
| Farnell Elect | 408 + 10 | Maricave | 86 + 8 |
| Guinness (A.) | 160 + 8 | Newmetal | 64 + 2 |
| Highland Elect | 45 + 8 | U.C. Invests | 200 + 10 |
| R. Shoes | 272 + 15 | Western Deep | 785 + 51 |
| Miscellaneous | 68 + 6 | Western Mining | 123 + 5 |
| Peetage of Birmingham | 67 + 13 | | |

Leading European accounting firms plan new link-ups

BY MICHAEL LAFFERTY

A major shake-up is taking place in the connections which exist between the largest European accounting firms. The moves involve the largest professional groupings in Germany and the UK and also include the top accounting firms in Holland and Switzerland.

Senior partners of both firms refused to comment last night on the possibility of Thomson McLintock's joining with Deutsche Treuhand and Klynveld Kraayenhof.

A fourth move could concern Peat Marwick Mitchell of the UK and Treuhand, the largest accounting firm in Germany and controlled by the federal and state governments. Treuhand already has a representation agreement with Peat Marwick for the U.S. and Canada.

Mr. John Grenside, senior partner of Peat Marwick in the UK, said yesterday that the extension of this relationship to the UK is something "which has been discussed."

Treuhand's existing UK associate is Joselyne Layton Bennett. But in the last few years Joselyne has devoted more of its international ambitions to a group called Fox, Joselyne Fides—comprising Elmer Fox of the U.S. and Fides, one of its former clients in the Karlsruhe firm which do not wish to go into the Coopers and Lybrand organisation.

Norway waits on EMS and opts out of 'snake'

BY FAY GJETER

NORWAY HAS decided not to join the new European Monetary System at least for the time being and from today will withdraw from the European Currency "snake."

Instead, effective today, the Norwegian krone will be linked to a trade-weighted basket of foreign currencies.

The decision, taken at a Norwegian Cabinet meeting yesterday, was applauded last night by Opposition leaders and spokesmen for industry and shipping.

Agreed Norwegian exports could suffer if the krone remained tied to the D-mark, while important trading partners such as Sweden and Britain stayed outside the EMS.

Mr. Odvar Nordli, the Prime Minister, who has already indicated that he favours Norwegian membership of the EMS, said last night that the Government had received "conflicting advice" on the subject from its experts. Three of the five members of the Bank of Norway's governing Board had advised against EMS participation, while the other two members, including Mr. Knut Gierz Wold, the bank's governor, were in favour.

In view of this, and that so many aspects of the EMS were still unclear, the government had decided it was best to wait, Mr. Nordli said. It was possible Norway might join later. This would depend on how the system developed and which other countries joined. The value of the krone would, in any case, be held stable.

In deciding to leave the "snake," which links the currencies of West Germany, Denmark and the Benelux countries, Norway has followed Sweden's example. It left in August last year and since then has had considerable success in reducing inflation and creating an economic recovery.

Norway, not being an EEC country, enjoyed associate membership of the "snake."

The krone has been one of the weakest currencies in the "snake," being devalued by a total 11 per cent in successive steps since October 1976.

The Conservative Party's Parliamentary leader, Mr. Kenneth Robinson, said his party supported close European co-operation to limit currency fluctuations, and had, therefore, been positive towards the idea of EMS. But with the decision of Britain, Sweden, Italy and Ireland to stay outside, the new system had not turned out the way it should. He, therefore, agreed with the government's decision to wait and see.

A spokesman for the Socialists welcomed the move, which he said represented a "complete reversal of policy."

In Brussels, EEC officials said Norway's decision was not unexpected.

On the London foreign exchange market, the pound closed yesterday at 1.025 to the dollar, higher than the weekend rate of 1.033, although it lost ground from 5.0960 reached earlier in the day before news of the cabinet's decision.

Eastern joins U.S. airline battle

BY STEWART FLEMING

EASTERN AIRLINES of the U.S. yesterday boldly stepped into the takeover battle for control of National Airlines with a \$425m counter offer to bids which have already been made by Pan American and Texas International Airlines.

Eastern's move has taken the airline industry by surprise and is being interpreted as a defensive manoeuvre to try to strengthen its position as the airline industry enters what is expected to be a period of intense competition, stemming from the deregulation process, which is now well under way. It is the fourth largest airline in the U.S.

Eastern said it had proposed to the directors of National Airlines the acquisition of National Airlines on terms which would amount to about \$50 a share cash. The announcement was made by Mr. Frank Borman, Eastern's chairman and chief executive. The former astronaut has been given the job of rebuilding Eastern after the heavy losses it incurred in 1973 and 1974.

The initial reaction from some National directors was that the board would be receptive to the proposal, which offers shareholders a healthy increase over the \$41 a share which Pan Am has said it would pay for control.

National has seemed enthusiastic about the Pan Am offer, partly because it did not want to be acquired by Texas International, a smaller regional airline seeking to expand aggressively.

It is clear, however, that there are formidable barriers in the way of a successful Eastern bid, not the least of them being the large shareholdings which both Pan Am and Texas International have already built up in National.

Pan Am has about 22 per cent of National stock in a voting trust awaiting regulatory approvals to its proposed bid.

Texas International also holds about 24 per cent of National's equity in a voting trust.

All the proposed offers require approval by the Civil Aeronautics Board, where hearings have been going on and are due to conclude at the end of the week. A board decision was expected in March.

Eastern has asked that its proposal be consolidated with the other offers and ruled upon at the same time. A further complication, however, is the attitude of the U.S. Justice Department, which is watching closely because of the competitive and anti-trust implications of the various deals.

Eastern's entry into the battle will almost certainly complicate any decisions, particularly the Justice Department's attitude, because Eastern and National have strong and partially overlapping route structures in the Eastern U.S.

Ministers demand details of BOC deal

By Nick Garnett, Labour Staff

MR. ERIC VARLEY, the Industry Secretary, and Mr. Albert Booth, Employment Secretary, jointly demanded further details of British Oxygen's guideline-breaching pay deal when they met senior management yesterday.

The company was represented by Mr. John Williams, managing director of BOC, which covers the company's UK and European operations.

The Government so far has adopted the same position with BOC as with Ford, which had sanctions imposed on it for giving its 57,000 manual workers a 17 per cent pay rise.

BOC's sales division has settled with its 3,000 drivers at about 9 per cent. Other groups within the company's UK labour force of 21,500 are negotiating deals which are likely to be of similar size.

During yesterday's meeting, at the Department of Industry, Ministers are thought to have discussed with the company details of the White Paper on incomes policy and the Government's attitude to the 5 per cent pay guideline and companies that scotch above it.

The Treasury has studied the gases deal and believes it to be firmly outside the guidelines.

The company has maintained that the deal is worth 9.5 per cent on earnings, linked to a broad non-specific agreement from the unions to improve productivity. The unions, however, believe that, excluding extra fringe benefits, the settlement is above 10 per cent.

If the Government decides to proceed with sanctions it might do so against the whole of the company rather than the gases division alone.

The gases division dominates its market and is less vulnerable to sanctions than British Oxygen's other divisions, which manufacture a wide range of materials including computers, chemicals and medical equipment.

The company has applications for temporary employment subsidies and development grants for next year which now could be in jeopardy.

Elmer Goodman writes: MP will be asked to support the widest of motions at the end of the crucial Commons debate on pay policy tomorrow. The motion, put down by the Government yesterday, has been Continued on Back Page

Westinghouse Brake bid by Hawker

BY ANDREW TAYLOR

HAWKER SIDDELEY yesterday launched its largest takeover bid with a £40.5m agreed cash offer for Westinghouse Brake and Signal. The deal will create a railway equipment business with a combined annual turnover approaching £100m.

Hawker said the acquisition would create a comprehensive railway equipment business, which would be able to compete for major international contracts, particularly turnkey projects.

The group is offering 85p cash for every Westinghouse share, with an alternative offer of 38 Hawker shares for every 100 Westinghouse shares.

The deal marks the latest phase in Hawker's spending programme to strengthen its engineering interests. This follows the nationalisation of its aerospace operations last year, for which the group has received £50m compensation.

The group has spent £48m in the last 18 months—including £23m for a 51 per cent stake in Carlton Industries, the batteries, aerospace operations last year, for which the group has received £50m compensation.

Hawker stressed the acquisition would extend its railway product range, which includes engines for the British Rail High Speed Train and the London Underground.

Westinghouse railway operations centre on signal, braking, fare collection and train control systems. Hawker has been involved on the heavy engineering side of railway equipment.

Westinghouse already supplies braking systems for Hawker rail-carriages manufactured by its Canadian subsidiary. In the year to September 30, 1978, Westinghouse's railway business generated around 63 per cent of group sales of £69m.

By comparison Hawker's railway operations may generate sales of between £45m and £60m out of projected group sales of around £1bn in the current year.

Hawker said if the merger succeeded Westinghouse would continue to operate as a separate company within the Hawker Siddeley group. However, there would be much co-operation between the companies, which business would make the more able to compete for major combined railway operations, more competitive internationally.

At stake are some large railway contracts such as those which have recently been out to tender in Hong Kong, Mexico and Brazil.

A further area for co-operation is in mining equipment where both groups have interests. For Westinghouse mining equipment, however, generate only around 5 per cent of its pre-tax profits. This year, Westinghouse's share price rose from £5.5m to £6.2m.

Of this total, the group's 50 per cent stake in Westinghouse Brake—manufacturers of brake equipment for heavy vehicles—contributed £1.8m.

The future of this joint venture with the Bendis Corporation must now come into question. Under an agreement between the two concerns, Westinghouse must offer its interest in the business to Bendis if it is taken over.

Meanwhile the Westinghouse directors controlling a 4.25 per cent stake say they support the Hawker offer. The board has been advised by J. Henry Schroder Wagg while Hawker's offer its interest in the business to Bendis if it is taken over.

Hawker's swing to engineering Page 5
Lex Back Page

Post Office to borrow on U.S. capital market

BY JOHN EVANS

THE Post Office is likely to be the next Government agency to tap the U.S. commercial paper market as part of official plans to increase State sector borrowing in the New York capital markets.

British Gas yesterday paved the way for its first issues of commercial paper by signing a \$250m Eurodollar back-up facility with major banks in London. Such back-up bank lines are normal procedure in raising commercial paper in the U.S.

The British Gas signing marks the debut of a UK State sector agency, with Government guarantee, in the \$63bn commercial paper market. Such corporate names as British Petroleum and Imperial Chemical Industries have already made issues.

British Gas plans to start its own issues before Christmas, and already has received prime ratings from the main U.S. rating agencies for its paper.

Some time in the New Year on about the same scale as the British Gas operation.

But it was being emphasised yesterday that no final decisions on the Post Office's plans had yet been taken, and the British Gas commercial paper programme in New York would be completed first.

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Communists in Italy pledge less Lenin, more democracy

By Paul Betts

ON THE EVE of the key Parliamentary debate on whether Italy should join the new European Monetary System on January 1, the Italian Communist Party, Italy's second largest political force and the largest Communist Party in the West, has released a 200-page document containing the platform for its crucial national congress next March.

The document is particularly significant because it sets out in detail the longer term policies the Party intends to adopt at a time when it is facing increasing internal difficulties for as a Party of the uncomfortable and indeed unnatural alliance with the Christian Democrats during the past two years.

This alliance was essentially the fruit of the inconclusive general election of 1976. Although it has enabled the Communists to become a direct party of Government and significantly enhanced their influence at all levels in the country, it has nonetheless had negative electoral repercussions for the Party which has not only seen its share of the vote decline in recent local elections but also led to a drop of some 20,000 signed-up members last year. In particular, there has been a marked disaffection among members of the Communist Party, which has been seen Left-wing groupings erode some support from the Left.

The policy document which embraces issues as varied as the Party's ideological roots, its internal structure, and its approach after a three-day meeting of the Communist Party Central Committee last week characterised as usual by a total news blackout of the proceedings. However, it is understood to have caused considerable and at times bitter debate within the Central Committee reflecting the general state of unease inside the Party and increasing criticism of the recent leadership of its secretary General Sig. Enrico Berlinguer.

In a sense, the main thesis put forward by the Party could be summed up in the slogan "less Leninism and a little more democracy." Indeed, the Communists have recently come under heavy attack from the smaller Socialist Party, which has attempted to consolidate its relative electoral recovery this year by increasingly criticising the ambiguous position of the Italian Communists torn between Moscow and Eurocommunism.

The Communists, in this latest document, renew their criticism of the mistakes made by the Soviet Union and East European countries in the past, and the concept of Eurocommunism and the independent nature of Italian Communism, and they propose scrapping the celebrated Article five of the Italian Communist Party statute on "Marxist-Leninist outlook of all Party members."

However, where the current difficulties of the Party emerge more clearly are in the sections of the document devoted to the present leadership's political strategy in Italy and the controversial issue of the Party's organisational structure. Since 1973, Sig. Berlinguer's strategy has been to promote the concept of a "compromise historic" or grand alliance of all democratic forces in Italy, which would gradually bring the Communists directly into power.

It has worked up to a point. The Communists are now a party of government, and for the first time in some 30 years they are in the same parliamentary majority as the one ruling Christian Democrats. But in view of firm opposition by the Christian Democrats, it is unlikely that the "compromise storico" as such, which would see Communist Cabinet ministers in a coalition government, will come to be at this stage.

Indeed, the current accumulation of tensions between the main parties over a whole series of issues, including now on Italian membership of the new market, basically reflects the distaste and unease of the political forces towards the present coalition formula and, in a sense, it increasingly points to a new government crisis.

As regards the internal organisation of the Party itself, the document reaffirms the principle of "democratic centralism." However, the structure of the Party has increasingly come under fire from the Party base, disgruntled and confused by the present coalition with the Christian Democrats. It is likely to become one of the more controversial aspects of the build-up to next year's congress.

Nonetheless, certain things are changing. Although last week's Party Central Committee meeting was shrouded with all the traditional secrecy of such occasions, for the first time discussion is understood to have been completely free. Even the document approved at the end of the meeting is no longer regarded as "the Communist congress bible of all Party members" which cannot be criticised for fear of excommunication. It is seen as a profound evolution of the Party. It also reflects apprehension on the key electoral confrontation which will come sooner or later.

German sea mining law proposed

By Adrian Dicks in Bonn

WEST GERMANY is taking a first step this week towards setting up a unilateral legal framework that would allow German companies to go ahead with long-term deep-sea mining ventures, pending international agreement on the matter by the United Nations conference on the Law of the Sea.

A group of backbenchers drawn from all parties in the Bundestag has drafted a Bill, to be published this week, that would require German companies to obtain exploration licences and operating permits from Bonn. In return, it would in effect place the huge investments anticipated for deep-sea mining operations under German Government protection.

While the exact form of protection is not yet clear, well-placed sources here believe it would amount to a "grandfather clause" for established ventures

once an international treaty came into force.

The move does not have official backing, since the Government is firmly committed to pressing on with the UN conference's efforts to reach a compromise on deep-sea mining acceptable to developing and industrialised countries alike. Nonetheless, the Bill is thought unlikely to be opposed by Bonn.

The Bill makes clear that its authors do not claim jurisdiction over the deep-sea bed or its mineral resources. The aim is to establish an interim framework, based on international legal principles, that will control prospecting and extraction of manganese nodules until a broader UN treaty comes into force.

The draft text stresses that the German Government will impose strict conditions for deep-sea mining "that will not only in-

clude technical expertise and financial backing but also protect shipping, fishing and the marine environment.

In addition, operators will have to pay an annual mining fee of 0.75 per cent of the average market price in the same year of the refined metals extracted from the sea-bed nodules. The proceeds of this fee would be paid into a special fund which would later be used either to cover the cost of West German entry into the type of international scheme envisaged by many delegates at the last Law of the Sea conference, or else to promote the transfer of marine technology to developing countries.

The West German Bill is very similar in its broad outlines to that passed by the U.S. House of Representatives during last Congress, and follows extensive

informal consultations between German and American experts. It is expected here that the Bundestag will delay final enactment of the Bill until its Atlantic counterpart has been reintroduced into the new Congress which convenes next month.

Officials in Bonn are well aware that despite the Bill's lack of formal Government backing, it is likely to provoke strong criticism from developing countries. Many of these nations already regard West Germany as hostile to their interests because of its scepticism towards other aspirations such as the UNCTAD Common Fund.

In addition to synchronising its deep-sea mining measures with the U.S., therefore, Bonn may well seek the support of other Western countries such as France before any final step is taken.

Bankers scrutinise small print of EMS

By David White

THE NUTS and bolts of the European Monetary System launched at last week's Brussels summit came under the critical scrutiny of central bankers from the major industrialised countries here yesterday.

Apart from technical implementation of the scheme, a number of fundamental questions remain undecided, the final decision of Italy and Ireland on the scheme and the means by which other countries such as Austria, Switzerland, and Sweden might be linked to it. The continuing weakness of the dollar in foreign exchange markets and the U.S. Administration's November package for its support provided an equally pressing subject for discussion by the bank governors. European and Japanese governors had their first opportunity for six months jointly to confront Mr. William Miller, the U.S. Federal Reserve Board, on the issue.

This is the only time, apart from the annual meeting of the Bank for International Settlements in June, that Mr. Miller has attended one of the BIS's ritual closed-door gatherings.

The main question on the EMS seemed to be how much it was to be an ECU arrangement rather than an inter-governmental one like the old "snake," and how strong the role of the European currency unit (ECU) was to be.

ECU central bankers, including representatives from the three members which did not join the scheme immediately in Brussels, met in a separate conference today. The five "insiders" were believed to favour fixing the value that the four "outsider" currencies will have in the ECU, a floating weighted amalgam of ECU currencies.

The bankers will also have to face the question of the exchange risk involved in the process of swapping national gold and foreign currencies against ECUs every three months.

Also to be decided before the scheme goes into operation is the question of interest rates on the reserves—20 per cent of each country's total—which are changed into ECUs.

£24m damage in Basle bank fire

By John Wicks

THE headquarters of Swiss Bank Corporation in Basle was seriously damaged by fire at the weekend. The cost of the fire and water damage could be higher than £24m, the building insurance value alone being £18m.

The fire, which took 13 hours to put out, is reported to have broken out in the third storey of the bank in central Basle. Swiss Bank Corporation said yesterday that the cause of the fire was not yet known.

The bank confirmed that no clients' deposits or other assets were destroyed by the fire and, apart from the premises, no assets of the bank itself. Strong rooms and safe deposits were unaffected. There were no casualties.



Back home after the 1972 cease-fire—to a nation where veterans feel themselves symbols of a despised war.

Vietnam veterans—struggling against an uncaring society

By Nancy Dunne in Washington

ABOUT A dozen ragged veterans constitute nine per cent of the patients in a small Washington hospital. They are Vietnam war veterans—part of a large brigade of returnees unable to secure a place in American Society outside of bars, flophouses, parks and prisons.

They see the future without hope and are bitter about the past. There are an estimated 40-50,000 homeless veterans and as many as 500,000 have found their way into the criminal justice system—into jails, prisons or on parole. For most Americans, they are vivid reminders of a war they would like to forget.

Vietnam was a "different" war for Americans. Not only was it lost, undeclared and so unpopular that it ripped the country apart, but it was the longest war the U.S. has fought.

When American schoolchildren study it, they do so with little or no starting data to memorise. The "different" war has produced "different" veterans. Earlier wars had broad public support and were fought largely by the middle and working classes. Vietnam was fought with the country's spare money—and spare soldiers. Until 1969, when most of the fighting and dying was done and the draft lottery was initiated, its draftees were drawn from the lower middle class and the poor, who could not get college or other deferments from military service.

In its early days, Vietnam was conceived of as a conflict, which needed no declaration of war by Congress. The country was not mobilised for the effort. Instead of cutting back domestic spending, as was done for President Lyndon Johnson's war against the Great Society.

The conflict was even made part of Johnson's "war on poverty." When Mr. Robert McNamara, then Secretary of Defence, launched "Project 100,000," a plan to send 100,000 veterans back to school, the poor by recruiting them to the Armed Forces. To achieve this ambition, mental aptitude standards, already lowered since Korea, were dropped and 354,000 impoverished youths were "inducted."

For all President Carter's rhetoric ("We owe them a special debt... They have been criticised and rebuffed because they answered the call of duty"), his Administration has been a disappointment to the Vietnam veterans.

A much touted jobs programme, hastily assembled last year, was an acknowledged failure. Of the 150,000 jobs the President promised, veterans under the concentrated employment and training act, actually received 98,000. Of the 50,000 vets to be trained under a programme called Project Hire, only 750 completed training. The programme has been reconstructed by the House Veterans Affairs Committee.

The Administration's promised review of "bad paper" discharges turned into another disaster. The discharges to be reviewed were given for single offences and were usually unrelated to a soldier's entire military career. Many grew out of the national disenchantment with the war.

Administrative mistakes were given too for such infractions as possession of one marijuana cigarette, alcoholism, "fiscal irresponsibility," something vaguely labelled "homosexual tendencies," and so on. Between 1968 and 1975, such discharges hurt a veteran's employment chances and can reduce or void his benefits.

It would be misleading to say Congress has not spent any money on the Vietnam veterans. Nearly \$26bn have been spent for educational benefits. Millions have been spent upgrading the quality of health care in VA hospitals. But because the programmes lack cohesion and coordination, they seem less than they are.

There are those who argue with some force that ex-soldiers' benefits are too high. There has been particular criticism against the practice of "double-dipping" under which career military men continue to face re-adjustment problems. They have a 23 per cent higher suicide rate than non-veterans of the same age, and 31 per cent more of them are alcoholics and problem drinkers. Although Vietnam has high level government jobs

vets constitute nine per cent of the patients in a small Washington hospital. They are Vietnam war veterans—part of a large brigade of returnees unable to secure a place in American Society outside of bars, flophouses, parks and prisons.

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The Administration's promised review of "bad paper" discharges turned into another disaster. The discharges to be reviewed were given for single offences and were usually unrelated to a soldier's entire military career. Many grew out of the national disenchantment with the war.

Administrative mistakes were given too for such infractions as possession of one marijuana cigarette, alcoholism, "fiscal irresponsibility," something vaguely labelled "homosexual tendencies," and so on. Between 1968 and 1975, such discharges hurt a veteran's employment chances and can reduce or void his benefits.

It would be misleading to say Congress has not spent any money on the Vietnam veterans. Nearly \$26bn have been spent for educational benefits. Millions have been spent upgrading the quality of health care in VA hospitals. But because the programmes lack cohesion and coordination, they seem less than they are.

There are those who argue with some force that ex-soldiers' benefits are too high. There has been particular criticism against the practice of "double-dipping" under which career military men continue to face re-adjustment problems. They have a 23 per cent higher suicide rate than non-veterans of the same age, and 31 per cent more of them are alcoholics and problem drinkers. Although Vietnam has high level government jobs

Resignation may topple Andreotti

By Paul Betts

IN A MOVE that could precipitate a government crisis in Italy, the small but influential Republican Party has decided to drop out of the present parliamentary majority because of the minority Christian Democrat Government's decision about taking Italy immediately into the new European Monetary System (EMS).

The decision, announced in a front-page editorial of the party's newspaper, *Voce Repubblicana*, comes as Sig. Giulio Andreotti, the Prime Minister, is scheduled to open a key parliamentary debate on the EMS.

Sig. Ugo La Malfa, the veteran leader of the Republican Party, has said that his party would withdraw its support from the Government if the country did not join the EMS on January 1.

However, the Republicans had been expected to postpone this move until after the parliamentary debate, when Sig. Andreotti is to announce the Government's decision on the new snake. But in today's editorial, they claim that Sig. Andreotti's request at the European Council in Brussels for time to consider the issue is incompatible with the Republican Party's policies.

The Republicans have repeatedly said they viewed immediate Italian entry as an essential discipline to guarantee the success of the country's attempts to introduce a medium-term economic recovery programme and an incomes policy.

Sig. Andreotti, on the eve of the Parliamentary debate, has held intensive consultations with party leaders, the Governor of the Bank of Italy, and is reported to have had a long telephone conversation over the weekend with President Giscard d'Estaing of France. The Prime Minister also met in Rome yesterday Mr. Francois-Xavier Ortoli, the vice-president of the European Commission.

The Republican Party's move is likely to seriously undermine Sig. Andreotti's attempts to reach a compromise with the main parties to support his government on the EMS issue.

Austria growth 'likely to improve'

By Robert Mauthner in Paris

ECONOMIC GROWTH in Austria is expected to pick up moderately in 1979 but the faster expansion of domestic demand is bound to lead to a further deterioration in the balance of payments, according to the latest survey of the Austrian economy, to be published by the OECD secretariat.

On the other hand, the inflation outlook remains favourable as recent wage settlements have been lower than a year earlier and productivity should recover. The report particularly underlines the excellent performance of the Austrian economy over the past few years. The most remarkable feature has been the simultaneous achievement of reduced inflation and continued growth of employment.

By 1978, inflation had been reduced to the relatively low average level of the 1960s, while at the same time unemployment has been kept even below the rate of the previous decade.

The main reason for virtually full employment was achieved by the adoption of policies to stimulate domestic demand to compensate for slack foreign demand. At the same time, the Austrian schilling was pegged to the Deutschmark, which greatly contributed to slowing down the wage-price spiral.

But the re-orientation of economic policy in the autumn of 1977, aimed at wiping out the large public and external sector deficits, led to a slowdown of growth in 1978, without however, producing a corresponding rise in unemployment. The report estimates that the increase in

real GNP this year may not exceed 1.5 per cent but will probably rise again by about 2.7 per cent in 1979.

The more restrictive economic policies, coupled with sizeable export market gains have, on the other hand, resulted in a sharp improvement in the current balance, which has exceeded all expectations. The 1977 record current deficit of \$37m was halved this year, but is expected to rise again to some \$2.25bn in 1979 as the recovery of domestic demand pulls in more imports.

Domestic inflation as measured by the increase in the consumer price index has been reduced to about 3.6 per cent in 1978 compared with 5.5 per cent in 1977 and should improve further next year.

MPs search for budget formula

By Giles Merritt

A COMPROMISE formula to break the potentially damaging deadlock between the European Parliament and the Finance Council over the 1979 EEC budget was being sought here last night by the Parliament's budget committee.

The impasse revolves chiefly around the Parliament's demands for the EEC regional fund to be increased by more

than 80 per cent next year to 580m.

With the Finance ministers of the Nine due to meet in Luxembourg today, the size of the Community's 1979 budget has developed into a clear-cut issue between national governments and the Euro MPs. Traditional bargaining, in which the European Parliament attempts unsuccessfully to make major increases in the budget, has this

year threatened to become an outright conflict.

If unresolved, the EEC's budget for next year may not be agreed in time. On January 1 the Community would then be reduced to a safety-net system in which one-twelfth of 1978 spending is allocated monthly until a 1979 budget can be agreed.

The future of the 1979 budget has become a live issue between the European Parliament and the Finance Council because of a technical hitch that is enabling the Parliament to insist on its increases in Community spending solely through the regional fund, which would be boosted from \$365m this year to \$622m in 1979.

The Council's failure when it met in Brussels on November 20 to reject by a qualified majority Parliament's \$225m amendments now gives Parliament the right to insist that the entire \$3,737m package be accepted. It is a legalistic point and the Parliament's budget committee is known to be wary of provoking an open row with the Council for fear of political repercussions.

There is also concern that the Finance Council could retaliate with the argument that the 1979 budget represented more than a reasonable increase over this year's level of \$3,002m in commitments. At best, such a move would lead to a lengthy and embarrassing wrangle.

W. Germany SPD prepares for Euro poll

By Jonathan Carr in Bonn

WEST GERMANY'S ruling Social Democrat Party (SPD) has taken a big step forward in its preparations for direct elections to the European Parliament, now less than six months away.

At an extraordinary congress in Cologne at the weekend the SPD agreed on a list of candidates and an election platform. In this country to decide on both—and has promptly been criticised by other political groupings (including its coalition partner in Bonn, the liberal Free Democrats) for trying to move too far left at the European level. The signs are at last starting to warm up.

Those suggesting that the SPD is seeking to push through at European Community level Left-wing policies it could not bring into being at home, point to the strong trade union representation on the SPD's federal list of candidates for direct elections. The SPD does not deny this—is, indeed, rather proud of it.

Of the top eight places on the list, three are taken by prominent trade unionists (who are therefore bound to gain seats). At number two is Herr Heinz Oskar Vetter, leader of the DGB (the umbrella organisation of German trade unions, similar to Britain's TUC). Next is Eugen Loderer, head of IG-Metall, much the biggest single trade union in the country, takes place number six. And Herr Karl Hauenschild, leader of IG Chemie, is at place number eight.

The first 40 places on the list include other, less prominent, labour leaders, eight women (including a former Minister and a recent leader of the young socialists), a sprinkling of elder statesmen. At the top of the list is Herr Willy Brandt, the party chairman and former Chancellor. He is ill at present, but, in a message to the gathering, said he expected to be back at his post next year.

In a speech to the 400 delegates, Herr Vetter made it abundantly clear why he and other trade unionists were aiming for a seat through direct elections. The European Parliament would not be able to solve by magic all the problems of Europe. But it would be ready and able to fight for new rights. "We know that we need it, and the parliamentarians know that they need us," Herr Vetter declared.

Not surprisingly, the SPD platform contains elements strongly reflecting current, important West German trade union concerns. They include demands for a 35-hour week (though the electoral platform speaks of an aim to be achieved step by step) and for prohibition of the "lock-out" (although one effort by Left-wing delegates to push through a motion calling on SPD Bundestag deputies to push immediately for West German legislation to limit the power of the employer to be rejected by a large majority).

British voters—not only supporters of the Labour Party—will probably be most interested in the SPD's demands for a reform of the Common Agricultural Policy and for measures to strengthen the economies of the less prosperous European countries. The Party recommends that the portion of the Community budget spent on farm price support be reduced and the part going to help structural change in agriculture be increased.

A price policy alone could not solve the problem of surplus production, the SPD says. The policy must therefore be

changed in favour of direct income support for poorer farmers.

The party programme pointedly notes that the fears must be removed of those poorer members of the Community who believe that the move towards monetary union will simply increase their present economic difficulties. It therefore proposes an increase and restructuring of the Community's social and regional funds—and calls for a solidarity fund to be set up through which the richer Northern European states would help the economies of their southern neighbours. The fund would be financed through direct national contributions and via the capital market among the Germans and many of their French and British neighbours. The SPD—and this goes for the other main German parties too—takes it as a matter of course that the existence of these demands in an SPD programme does not mean that they will automatically become Government policy (though a serious start does seem likely to be made on the "solidarity fund" idea).

But the fact is that no-one is ready to bet how these (and other national party) moves will go, once direct elections have occurred and Herr Brandt and his men have taken up their Strasbourg seats. How great will the difference be between the directly-elected parliament and the Government in Bonn—and elsewhere?

The questions of the future powers of the European Parliament is the most obvious point of controversy between West Germans and many of their French and British neighbours. The SPD—and this goes for the other main German parties too—takes it as a matter of course that the existence of these demands in an SPD programme does not mean that they will automatically become Government policy (though a serious start does seem likely to be made on the "solidarity fund" idea).

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But as one senior SPD member remarked, that is a very satisfactory way of starting a campaign whose main danger is that it could be treated by the European electorate as simply boring.

Gaullists block election funds

By David Curry

THE GAULLIST RPR party carried its campaign against direct elections to the European Parliament a stage further yesterday when it joined the Communists in voting to prevent the financing of the European election campaign with EEC funds and the use of EEC money in publicity to encourage people to vote.

With the Socialists largely abstaining, President Giscard d'Estaing's UDF was the only party to vote against the Gaullist proposals, which were carried by 246 votes to 124.

Relations between the Gaullists and President Giscard are deteriorating rapidly. In an obvious reference to the Gaullists at the weekend, the President urged a congress of young party workers not to let

France become "the old maid of Europe" and not to be afraid of Europe.

Last week M. Jacques Chirac, the Gaullist leader, condemned the President's refusal to seek a guarantee from EEC heads of Government that the powers of the European Parliament would not be extended, in a wholesale condemnation of the President's foreign policy, he said that M. Giscard d'Estaing had become the sponsor of foreign interests against the real interests of French independence.

The Gaullist leader is determined to create a distinct platform for his party in the European elections. He is seeking to paint the President's party as being basically unopposed to independence, mesmerised by the West Germany's economic

performance but ignorant of the threat represented by German power, and fatally attracted by the siren of German-American Atlantic alliance.

M. Chirac's object is to prevent the Gaullists from polling a lower vote than in the elections and hence being edged towards the periphery of the French political scene. The Gaullists have gone so far in their verbal opposition to the President that sooner or later M. Chirac will have to stage a real revolt in the voting chamber or lose his credibility. Although he has renewed the six months' "truce" with the Government, some observers believe that in the spring he will attempt to topple the Government and precipitate a general election.

مكتبات الأصيل

U.S. economists predict slow growth, inflation

BY STEWART FLEMING IN NEW YORK

THE GROWTH of the U.S. economy will slow dramatically next year but inflation will continue unabated, according to a group of economists who produced a business outlook twice a year for the Conference Board, an independent business research group.

The group sees a recession in 1979 as "a strong possibility" and more than half the 41 members of the forecasting team assume that mandatory wage and price controls will be introduced because of lack of progress in containing inflationary pressures.

On balance the group sees a slowing of real growth to only 2 to 2.4 per cent next year (well below the 3.9 per cent anticipated for 1978 and the 4.9 per cent recorded in 1977).

Consumer prices are predicted to rise at 7.2 per cent, a similar rate to this year, and producer prices at 7.4 per cent. Although the Conference

a significant slowing of growth if it also implied a reduction in inflationary pressures.

"We do not expect a clear-cut victory over inflation, although we do think the rate will be falling as the new year progresses," the group says.

Other economists are drawing attention to rising capacity utilization in industry, the continued strength of the non-farm business sector. And increases in wholesale prices for basic materials as factors standing in the way of a significant slowing of inflation.

The Conference Board outlook is thus one which will have a wide following in the private sector and there will be some anxiety about the implied increase in unemployment to 6.5 per cent from the November level of 5.8 per cent when a record proportion of the potential working population was employed.

Joits ahead for Carter Page 18

Chile and Argentina in Beagle negotiations

By Robert Lindley

THE CHILEAN Foreign Minister, Sr. Hernan Cubillos, has arrived here for talks today with the Argentine Foreign Minister, Sr. Carlos Washington Pastor to try to agree on which third country should mediate in the increasingly serious dispute over the Beagle Channel boundary.

After six months of direct Argentine-Chilean negotiations, to resolve the dispute over islands and waters at the southern tip of South America, ended in failure on November 2, Chile proposed choosing "by common agreement, a Government to act as mediator."

Argentina agreed to discuss mediation but specified that it would accept it only under "certain conditions."

It is this issue which the Foreign Ministers will try to sort out here today in the Foreign Ministry. Sr. Cubillos will return to Santiago tomorrow morning, but there is a possibility that the two will meet again in the Chilean capital, if the attempt to agree on a mediator fails, the threat of war between Argentina and Chile would increase considerably.

Chile's war preparations have been considerably hampered by the decision of the Inter-American Regional Organisation of Workers (ORIT), meeting last week in Lima, Peru, to boycott the Governments of Chile, Cuba and Nicaragua "for their flagrant violations of human and labour union rights."

Already as a result of ORIT's boycott call, the shares of about 30 Chilean companies which operate in imports and exports have dropped appreciably in value on Santiago's stock market.

The Pinochet regime's human rights reputation received another major blow last week with the announcement of the discovery of several bodies in a lime kiln near Talagante, 30 miles south-west of Santiago. The Chilean Supreme Court has ordered an investigation into the discovery.

U.S. COMPANY NEWS

Fourth quarter lifts earnings at Carrier; General Telephone to agreed takeover of Telenet; Litton optimistic for second quarter—Page 23.

SALT talks to resume this month

BY DAVID BUCHAN IN WASHINGTON

MR. CYRUS VANCE the U.S. Secretary of State and the Soviet Foreign Minister, Mr. Andrei Gromyko, are to hold another round of strategic arms negotiations before the end of this year and probably before Christmas, officials confirmed yesterday.

This follows several meetings last week between Mr. Vance and the Soviet Ambassador to the U.S., Mr. Anatoly Dobrynin, and has prompted speculation that President Carter and President Leonid Brezhnev may now meet in mid-January to sign a SALT 2 treaty. After he last saw Mr. Gromyko in Moscow at the end of October, Mr. Vance said he would not meet the Soviet Foreign Minister on SALT until all the negotiating details had been worked out and a Presidential summit could be set up.

For months the Administration has said a SALT 2 agreement is 85 per cent complete. Lower level Administration officials say that information about negotiations on the remaining issue is now being very tightly controlled by Mr. Vance. But the last few issues at dispute—which the Vance-Dobrynin meetings may have gone far towards resolving—include the hardy perennial differences about how the U.S. Cruise missiles and the Russian Backfire bombers should be treated.

The Russians have wanted to write in limits on the number of Cruise missiles that the U.S. could put on its B-52 bombers. This demand predates, but may have been accentuated by, a Pentagon study released last month to the effect that tests by the U.S. this year show present

ECUADOR'S MAJOR CITIES

Austerity after the oil boom

BY SARITA KENDALL IN QUITO

NOT MANY city administrations can boast a healthy balance sheet. But when the newly elected mayors of Ecuador's two largest urban areas took office, their anguished reports of fiscal disaster spelled a long period of austerity. Guayaquil is littered with unfinished construction projects, while the capital is running a debt of nearly \$150m and will have to borrow further to complete the current road programme. With the first flush of the oil bonanza fading fast, Guayaquil's mayor Sr. Antonio Hanna Musse called for a meeting of all local government authorities to try and find new ways of boosting income.

across narrow streets jammed with funning buses. Soon after Ecuador's first Amazon oil exports were shipped out in 1972, land speculators and construction companies joined forces in a boom which is only now beginning to flag. Shops and offices have moved northwards along broad avenues, away from the capital's crowded colonial centre. Rents are frozen at low rates, and owners claim they are modern chalets with gardens

around Independence Square will soon be restricted to pedestrian use. Quito is still relatively free of the overcrowded, under-serviced "barrios" which surround so many Latin American cities. Low income migrant families are increasingly concentrated in the labyrinthine old houses of the centre. Rents are frozen at low rates, and owners claim they are modern chalets with gardens

as \$200 a month, but even this is well above the minimum wage. Other housing organisations, such as building societies, require much higher salary levels for loans. Of Ecuador's industrial jobs 80 per cent are concentrated in the two biggest cities, and a tremendous growth in construction and service jobs since 1972 has helped generate employment for urban immigrants.

Soon after Ecuador's first Amazon oil exports were shipped out in 1972, land speculators and construction companies joined forces in a boom which is only now beginning to flag.

have crept up the ridges, beyond the legal maximum height for building, making service provision very costly for an impoverished local authority.

Foreign loans are financing a north-south highways which will siphon traffic away from the constricted central area—but newly-opened, by-pass tunnels, running nearly a mile long, have been packed with Quitenos enjoying an afternoon drive. Soaring car imports have outstripped the transport plans of the early '70s, and a high proportion of the budget is going on widening, 12,500 units have been built by the State Housing Bank in Quito and Guayaquil during the past six years. The deficit in Guayaquil alone runs at 10,000 houses a year. The bank's projects cater for families with incomes as low

walls or instal much-needed bathrooms. Guayaquil, with more than half the population living in peripheral squatter settlements, is worst for the basic services. A massive programme to fill in the tidal flats where so many immigrants have built their flimsy cane huts on stilts, has made electricity and water more accessible, and foreign funds will finance projects to extend urban services to more "barrios". However, housing provision is the lag far behind needs, and only close to the hearts of Guayaquileños—rubbish collection. "If I don't get the permission to import some rubbish trucks soon, I swear I'll become a smuggler and do it myself," he said.

Subsonic Concorde on tour

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRANIFF INTERNATIONAL, the U.S. airline, hopes to be able to start its subsonic Concorde flights between Washington and Dallas/Fort Worth, Texas, in January.

The airline plans to take over Concorde from British Airways (BA) at Washington three times a week, after the aircraft has completed its supersonic transatlantic flight from London, and fly it to Texas subsonically.

Concorde's manufacturer, are now taking Concorde to a large number of cities in the southern U.S., on a familiarisation tour. Yesterday, the aircraft visited Tucson, Phoenix, Las Vegas and Denver. Today, it will go to Amarillo, Oklahoma, Tulsa, and Kansas City, and tomorrow to Houston, New Orleans and Memphis before returning to Washington for the flight back to London.

Canadians 'want new Liberal leader'

By Victor Mackie

CANADA'S Liberal Party would surge ahead in popularity with the voters—even in Quebec—at Mr. John Turner, the former Finance Minister, replaced Mr. Pierre Trudeau as leader, according to a poll.

The private poll, conducted by the Toronto Daily Star, Canada's largest newspaper, showed that, under Mr. Turner's leadership, the Liberals would hold a 5 per cent lead over Mr. Joe Clark's Progressive Conservative Party.

The same poll showed that, with Mr. Trudeau as leader, the Liberals would trail the Conservatives by 8 per cent.

Energy official seeks to calm petrol crisis fears

BY DAVID LASCELLES

A SENIOR DEPARTMENT of Energy official sought yesterday to allay growing fears of a petrol shortage here.

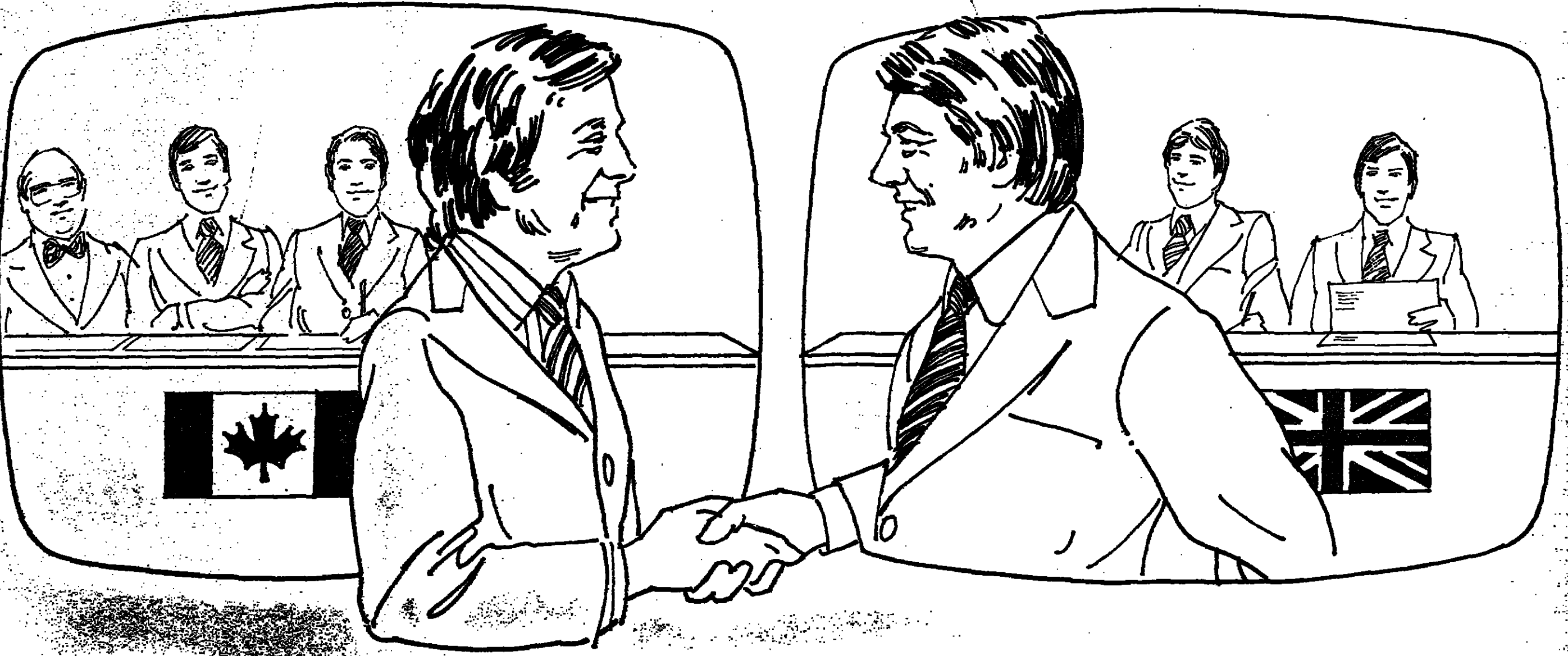
Mr. John O'Leary, the Department's Deputy Secretary, told the Senate Energy Committee that "supplies of motor gasoline appear to be adequate to meet national needs," though there were difficulties with one or two categories, like unleaded gasoline, used by vehicles meeting new environmental standards.

"Barring a major and unexpected interruption of supply such as an embargo," he saw "no possibility of a generalised gasoline shortage and long gasoline lines between now and next summer."

However, he did concede that demand was exceptionally high due to the warm autumn this year. Consumption of petrol in mid-November reached an average of 7.5m barrels a day, 5 per cent more than in the same period last year.

But echoing the oil companies' warnings, he predicted difficulties in the longer term, because of the tight schedule for introduction of environmentally acceptable fuels.

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It's nearly three years since BICC installed London's first commercial optical fibre cable link to carry TV signals.

Now, that same link is associated with another historic first—International Confravision in colour inaugurated today by the British Post Office and Bell Canada between London and Toronto.

Like science-fiction, International Confravision will provide private conference facilities by television between people in widely separated studios; even between studios in different continents.

The optical fibre link in London, operational since 1976, uses optical fibre cables made and installed by BICC, and equipment designed by Plessey.

It's a natural follow-on to BICC's first commercial optical fibre link, installed by Rediffusion and in continuous service for almost three years, bringing BBC and IBA programmes to 34,000 viewers.

This new International Confravision link highlights the increasing use of optical fibres in world telecommunications networks. BICC are among the world's most experienced manufacturers of optical fibre cables with more installed miles of these in the UK than any other manufacturer.

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DIVIDEND DECLARATIONS

NOTICE IS HEREBY GIVEN that dividends have been declared payable to members registered in the books of the Rand Mines Limited at the close of business on 29th December 1978 and to persons entitled to the dividends on 31st December 1978. The dividends are payable in cash and will be paid by cheque or by bank transfer to the account of the member or shareholder named in the dividend warrant. The dividends are payable on 31st December 1978 or on 31st January 1979, whichever is convenient. The dividends are payable to members or shareholders who are entitled to the dividends on 31st December 1978 or on 31st January 1979, whichever is convenient.

| Name of Company | Dividend | Cash | South African |
|---|----------|---------|---------------|
| (each incorporated in the Republic of South Africa) | (pence) | (pence) | (cents) |
| Barlows Rand Limited | 110 | 110 | 40 |
| Barlows Rand (Proprietary) Limited | 110 | 110 | 40 |
| Barlows Rand (Proprietary) Limited | 110 | 110 | 40 |

By order of the Board,
Administrative Manager and Secretary,
Office of the Administrative Manager and Secretary,
40 Hobsbawm Road,
Marshalltown, 1017.
11th December, 1978.

UNION DE BANQUES ARABES ET FRANÇAISES S.A.F.

Loan US\$ 525,000,000 17th 1982
PAYABLE ON THE 17th OF JUNE
AND 17th OF DECEMBER 1982

Bondholders of above loan are hereby informed that the interest on the loan is payable on the 17th of June and 17th of December 1982.

At Coupon No. 3 will be payable at 100% of the principal amount of the loan on the 17th of June and 17th of December 1982.

The Fiscal Agent
CREDIT LUXEMBOURG

OLD COURT DOLLAR COMMODITY TRUST (ICOR)

The undersigned announces that the report for the six months ended 30th September 1978, of Old Court Dollar Commodity Trust, will be available in London at 10.00 a.m. on 11th January 1979.

Person, Holdings and Pensions N.V.,
Algemeen Bank Nederland N.V.,
Amsterdamsche Bank N.V.,
Bank voor Handel en Scheepvaart N.V.,
Kas-Aankoop N.V.,
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Amsterdam, 10th December 1978.

OUTGOING INVESTMENTS OVERSEAS LTD.

7.4% GUARANTEED CO. LTD.
The undersigned announces that the third annual report of the company will be available in London at 10.00 a.m. on 11th January 1979.

Amsterdam, 10th December 1978.

BRADLOW'S STORES LIMITED

NOTICE IS HEREBY GIVEN that the annual report for the year ended 31st December 1978, of Bradlow's Stores Limited, will be available in London at 10.00 a.m. on 11th January 1979.

Amsterdam, 10th December 1978.

ART GALLERIES

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Guerrilla bases in Mozambique hit in Rhodesian raid

BY TONY HAWKINS IN SALISBURY

RHODESIA yesterday acknowledged that its forces had attacked guerrilla bases inside Mozambique to destroy dumps of "terrorist weapons and explosives".

Radio Maputo claimed that 25 people had been killed and 90 wounded in the attacks. The brief communiqué issued by Rhodesia's Combined Operations headquarters gave no details of casualties, but contradicted the Maputo claim that two Rhodesian aircraft had been shot down in the attack. The communiqué said all aircraft had returned safely after the attacks.

The Rhodesians said that recent information received had indicated "a considerable build-up of terrorist forces and material" within Mozambique. This information, they said, was confirmed by captured guerrillas and the precise locations of storage sites of large quantities of terrorist weapons and explosives was established. "Self-defence operations were mounted against these targets

Zambia poll will test Kaunda's popularity

BY TONY HAWKINS IN SALISBURY

ZAMBIA'S THIRD general election since independence in 1964 takes place today against an inauspicious background. Continued shortages of basic commodities—a symptom of the general economic malaise, warnings of further Rhodesian raids on guerrilla camps, and the uncovering of an alleged plot to assassinate senior politicians have contributed to a crisis atmosphere exacerbated by an election run-up of slogan chanting and witch-hunting as one local commentator puts it.

The campaign of the ruling United National Independence Party (UNIP) to ensure that President Kenneth Kaunda wins at least 51 per cent of the vote is based on the theme of an uncontrollable "outside forces". Zambia has been the victim of the continued slump in the price of its vital copper exports, the disruption of trade routes and political instability in the region. It was for Dr. Kaunda's shrewd leadership, the campaign claims, things would be very much worse.

While this may be true, it is slight comfort to shoppers in search of salt, cooking oil, washing powder, toilet soap and other scarce goods. Nor is it likely to produce the "massive turnout" the party has called for.

Most UNIP officials privately anticipate a low poll—around 25 per cent of the two million registered voters. If the prediction is correct, it will be due to apathy stemming from the absence of choice.

Dr. Kaunda is the sole candidate for President after constitutional amendments last September. He is the main challenger to the Simon Kapunga, the former Vice-President, and Mr. Harry Nkumbula, ex-leader of the defunct African National Congress—ineligible to contest the primary elections for UNIP's nomination. And candidates in elections of the 125 parliament members have been subject to a vetting procedure which excluded 28 contenders, including Mr. Arthur Wina, a former Finance Minister.

A low poll would also be due to the fact that UNIP, the country's only legal party since 1965, is regarded as a modern, industrialised state. Western but without losing some basic African characteristics.

There has, in fact, been a steady decline at the polls over the years. Independence elections in 1964 saw a massive 94 per cent turnout. The figure fell to 82 per cent in 1968 and plummeted to 40 per cent in 1973 in the first elections after the introduction of the one-party state. About a sixth then voted against the President.

This time, say members of an informal opposition group, there is a chance that Dr. Kaunda will not get a majority, and an alleged "Vote No" campaign has been under way, especially in the copperbelt stronghold of Mr. Kaabwe. Should the President meet the party's general conference must reconvene to nominate a new candidate. Most observers, though, believe defeat unlikely.

The Opposition advocates a mixed economy in contrast to Dr. Kaunda's Socialist commitment. A review of state ownership, and a more flexible approach to the white Smith. One of its main policy planks was removed when the southern railway route through Rhodesia was reopened in October.

But the country's biggest problem is the absence of an obvious alternative to Dr. Kaunda. Even his critics accept that the teetotal, non-smoking, and unostentatious life style is the only politician with a national following. He is seen as a national hero, a symbol of the struggle for independence.

Criticism is mainly directed against the country's supreme body, the Central Committee of UNIP. The argument is that certain of its 25 members are not in the party hierarchy—dispute had advice which has left the President out of touch with the mood of the country. But the bulk of the committee were re-appointed by Dr. Kaunda at the September conference.

For the Opposition, their dilemma today is that they cannot see how to pull the plug on the bathwater without losing the baby.

Few issues have been thoroughly aired in the campaign. Unemployment has not been discussed although paid employment has fallen from 953,000 in December 1975 to 753,000 in mid-1978. The Government's inability to effectively implement its off-promised "back to the land" programme.

Other issues are touched on cautiously, if at all, despite a powerful undercurrent of private debate. There is a continuing ideological battle between the mixed economy supporters and those who favour the Socialist. A further struggle is taking place between parliamentarians who want to maintain the independence of a frequently critical House and the Central Committee which wants to assert its supremacy.

The major foreign policy concern is, of course, Rhodesia. Some in Government—and most of those in the Opposition—fear that the 8-10,000 guerrillas of Mr. Joshua Nkomo's Zimbabwe African People's Union (ZAPU) based in Rhodesia are the seeds of "another Lebanon". Others, led by the President, pledge unwavering support for the guerrilla movement despite the growing burden it places on Zambia. Whether the war intensifies, the army will continue to accept civilian leadership, or at least demand a greater say in decision-making, will be a key question in the months ahead.

ISLAM IN IRAN

Holy month is test of strength for the Shah

BY ANTHONY McDERMOTT

THE MILLIONS in the streets on Sunday and Monday demonstrating against the Shah in Tehran and across the country showed how powerful Islam can be as a source of political protest.

The immediate spur was Ashura, the blackest day in the calendar of Shi'ite Muslims in the mourning month of Moharrar. It has been traditionally marked by public demonstrations of grief by chain-wielding self-flagellators. The anniversary itself is steeped in history. It represents the death of the third Shi'ite Imam, Hussein at the battle of Karbala in Iraq against Yazid, the son of the evil (in Shi'ite view), Caliph Mu'awiyah in 680 AD.

But in Iran these days the mourning is not just for the followers of Ali, the son-in-law and cousin of the Prophet Mohammed and effective founder of Shi'ism but also for the hundreds who have been killed in past months of anti-Shah rioting.

Shi'ism is the unorthodox branch of Islam as opposed to mainstream Sunniism. It derives its name from the Arabic "shia" meaning faction, in this case "shia'at" All the faction of Ali.

Shi'ism has had its role of opposition to the Shah often and seriously misrepresented. The Shah himself, a Shi'ite, has been understood the motives of his own Shi'ites who make up nine-tenths of the Iranian population. For example last June he told a visiting British MP that the demonstrations which had been going on since the previous autumn were caused by "a lot of mullahs pining for the seventh century". Little could be further from the truth.

All too frequently defenders of the Shah portray the Shi'ite religion as a backward-looking and absurdly conservative. They claim that he calls for a modern Iran which is not a strictly Islamic republic in which women would be veiled and retiring and life guided entirely by anachronistic religiously based laws. By contrast the Shah is presented as being determined to turn Iran into a modern, industrialised state. Western but without losing some basic Iranian characteristics.

This polarisation has assumed exaggerated political proportions. Thus just as Ayatollah Khomeini has become the ultimate symbol of unity against the Shah, so the Shah has become the ultimate symbol of division in the eyes of the Shi'ites.

It has been through its weekly Friday gatherings in mosques, almost the sole outlet for opposition and protest, that the Shi'ites have been able to counter the Shah's propaganda of modernisation and progress. It is through the writings of intellectuals, Islam has also played the important role of representing the harking of traditional values against the social ravages caused by over-rapid economic development.

The Shi'ite in all prices in 1978, followed by the disintegrating slump in the last year or two.

The crucial point about Shi'ism is that it has been a force for opposition for almost a century. It has been a force for opposition for almost a century. It has been a force for opposition for almost a century.

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The Ayatollah Khomeini

"Ijtihad" (interpretation). At this level religious people are reckoned to be able to pass judgement not just on religious affairs but also on day-to-day events. The holder of such a certificate is called a "mujtahid" (interpreter) and holds the title of Hujjat-ul-Islam.

Mujtahids inevitably lead a life open to the public and their followers who can judge the degree of their religious knowledge and their true humility and piety. Those who reach real pre-eminence acquire a large popular following and gain acceptance to the extent that their followers regard them as being qualified to lead them in prayer. They then become known as ayatollahs.

Finally there emerges as first among equals by consensus of other ayatollahs an ayatollah oza—the grand ayatollah. This title came into use in the 1930s. The most famous in recent years was Mohammed Borujardi-Tabataba'i, who died in 1966. He had no immediate successor of the same stature but in the early 1960s it was accepted that the great ayatollah was Ayatollah Khomeini. He died in Iran in 1979. Today both Khomeini and less frequently Shariat-Madari have been referred to as grand ayatollahs. But this has not occurred often enough in either case to suggest overall acceptance.

Today there are a total of six who might qualify for this title. 1—Ayatollah Khomeini, aged 55, living in Najaf. 2—Mohammed Reza Golpayegani, aged 58, in Qom. 3—Shahab-Din Husseini Marashi-Najafi, 81, in Qom. 4—Ruhollah Mousavi Khomeini, 80, currently in exile in Paris but previously since 1965 in Najaf. 5—Mohammed Hussein Khonsari, 80, in Tehran, and regarded as being close to the Government. 6—Kazem Shariat-Madari, 76, in Qom, and perhaps the most influential within the country. To these should perhaps be added Ayatollah Shirazi (in Mashhad) and Taleghani (in Tehran), both of whom are perhaps the most outspoken against the Shah within the country.

One point of controversy which has come up again in the debate over the Shah's "liberalisation" programme has been the 1966 constitution which in its original promulgation it caused a deep schism in the Shi'ite clergy between those who supported a constitutional monarchy and those who favoured theocracy. The emergence of the former group was a reaction to the development in modern Islam, indicating that Shi'ism is capable of entertaining and adapting to new concepts.

The latter group—the theocrats—was offended by the idea of a parliament authorised to pass laws and in fact to lead the political, economic and cultural life of the community—hitherto largely the preserve of the clergy. The debate has been revived again and is of course central to popular attitudes towards the Shah's position. Ayatollah Khomeini is clearly the leader today of the theocratic school which would like the Shah and the monarchy removed. But the point must be made that Khomeini has more intention than any other ayatollah of wanting to become the ruler of Iran. By contrast the leading ayatollahs in Qom, Tehran and Najaf are calling for a full return to the 1906 constitution which would permit the clergy to have greater say in legislation.

This need not be such a backward development as the Shah's supporters suggest. This is because Ayatollah Khomeini has produced modernists whom the Shah and successive governments have alienated and secondly, because of the huge and peaceful crowds in the streets showed whether the Shah stays or not—the clergy lead popular forces which cannot be neglected.

Begin optimistic about Middle East peace treaty

OSLO—The Israeli Prime Minister Mr. Menachem Begin said yesterday that he believed an Israeli-Egypt peace agreement would be signed, even if the Dec. 17 deadline set at Camp David passes.

"In my heart I believe this peace treaty will be signed," Mr. Begin told a news conference before departing for Israel with his wife, Golda Meir, and Peace Prize. Mr. Begin said that as far as his Government was concerned, a peace agreement could be signed before the deadline but he made clear that for this to happen Egypt would have to accept the current draft which it now rejects.

Asked whether Israel's moralism on new settlements in occupied territory would be extended past Dec. 17, Mr. Begin replied, "The Cabinet will take decisions on this issue." Mr. Begin said he would discuss the situation with the U.S. Secretary of State, Mr. Cyrus Vance, in Israel today or tomorrow after the funeral of the ex-Premier Mrs. Golda Meir.

Meanwhile in Cairo, Mr. Vance talked with top Egyptian officials during the foreign dignitaries arriving for the funeral of Mrs. Lillian Carter, representing her son, President Carter. Secretary of State, Mr. Henry Kissinger.

Thousands of Israelis yesterday fled past the bier of Mrs. Meir as it lay in state outside the Knesset in Jerusalem. Among the foreign dignitaries arriving for the funeral are Mrs. Lillian Carter, representing her son, President Carter. Secretary of State, Mr. Henry Kissinger.

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Peng reputation revives

PEKING—Peking Radio yesterday referred to Peng Teh-huai, former Defence Minister, as an indication that he is being posthumously rehabilitated after his dismissal in 1959 for opposing Chairman Mao Tse-tung.

Peng, who commanded the Chinese People's Volunteers during the Korean War, was one of the Communist Chinese army's greatest leaders. He was dismissed as Defence Minister apparently because he opposed Mao over economic policies that led to the disastrous 1959 "great leap forward". Peng is believed to have died in 1974.

Posters put up during the present public political debate in Peking have called for Peng's rehabilitation. Vice Premier Teng Hsiao-ping has said the former Defence Minister was 60 years old and died of a heart attack. Peng's name was mentioned without further comment on the radio in connection with a book on the Chinese People's Volunteers during the Korean War, the Communist Party's official newspaper, the Red Flag, has said.

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UK factories to meet full contract for Iran Rapiers

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A BRITISH Aerospace contract fact, it means that virtually all sized some time ago for the work will now be undertaken supply of Tracked-Rapier Anti-aircraft missiles for Iran will now be met entirely from the company's UK factories, instead of being partly built under licence in Iran.

This decision is not due to the will not now be built in Iran, current political troubles in Iran. It was taken in October, as a result of increasing financial problems inside Iran as a result of lower oil revenues.

This in turn has apparently led the Iranian Government to plan to develop a military industrial complex at Shiraz, where it was intended to build Rapier anti-aircraft missiles, and their associated transport vehicles, under licence from British Aerospace.

The decision does not reduce the value of the British Aerospace contract—estimated at about \$400m—in any way. In

makes little secret as to its long-term concern over the current political situation in Iran, not only because of the direct effect any further upheavals in that country might have on current contracts, but also because of the effect throughout the Middle East generally.

But the Dynamics Group makes it clear that its financial deals represent only a part of its overall business, and that it is in a strong position in other world missile and space markets.

Total orders at the end of 1978 amount to more than £1bn, and the Dynamics Group is forecasting sales of more than £260m for the past year, with profits of about £22m.

For the longer term, the Dynamics Group believes that its business in other areas will continue to expand, so that by 1982, its world-wide missile, satellite and other sales will exceed \$433m, of which close to £200m will be in export sales.

So far there have been no reports of other UK military contracts with Iran being affected by the country's internal financial problems.

The other big outstanding UK defence order is for more than 1,000 Chinook tanks of the Shir Iran version, which are being built in this country for shipment to Iran. So far, this is proceeding normally, and there have been no indications of any problems with the deal.

American imports of steel may decline

By David Buchan

A 20 PER CENT drop in imports next year will lead to increased sales and profitability for the domestic U.S. steel industry, the Commerce Department has predicted in its latest annual steel forecast.

Steel exports to the U.S. particularly strong in recent months from European Community countries, will fall from the record level of 25m tonnes this year to about 15m tonnes for 1979, the department report says—bringing the import share of the U.S. market down from 17.5 per cent to 13.9 per cent over the same period.

Imports this year, the report says, have been swollen by purchases in anticipation of increases in trigger prices, which having risen some 10 per cent in 1978 are due to exceed \$433m, of which close to £200m will be in export sales.

The trigger prices, introduced this year, are effectively a minimum price for steel imports. Sales below the trigger prices can lead to a Treasury anti-dumping investigation with the possible imposition of dumping duties.

Despite this year's influx of imports, the department says profits for 1978 should "approximate" the \$1.2bn which the industry recorded in 1976, compared to the \$23m profit made in 1977.

Japanese competition cuts Philips VCR market share

BY CHARLES BATCHELOR IN AMSTERDAM

IMPORTED JAPANESE video recording systems have cut into the Philips Electronics group's near monopoly of the Dutch market and reduced its share to about a half. Philips expects to sell around 20,000-22,000 video cassette recorders (VCRs) this year, the same number as in 1977, while the home market has doubled to around 40,000-45,000.

A Philips spokesman declined to give figures for VCR sales but said a report in the Dutch newspaper Financieel Dagblad and quoting importers was "on the whole correct."

Video recording systems produced by Matsushita and Betamax and sold under a variety of different brand names are now thought to account for around half of the Dutch market. The size of the market is expected to double again to

around 90,000 next year, according to importers. The rapid rise of the Japanese companies' share of the market has been partly due to Philips' inability to meet the strong demand.

"We have problems in making deliveries," a company spokesman said. "Demand at the moment is still heavy."

In October, Philips announced plans to double VCR production capacity which is concentrated in Vienna. It will spend nearly \$140m on a new factory which will group a number of different activities at present scattered throughout the city.

The company forecasts VCR sales of 50,000 in 1980 when the new plant will come on stream. No increase in the workforce of 3,000 will be necessary because of the improvement in efficiency expected from the

rationalisation of production. Philips said it now expects to launch its latest marketing innovation, the video LP, on the U.S. market on Friday, December 15.

The video LP is sold with an already recorded film—for amusement or educational purposes—which can be played back on a television screen whereas the VCR is a system for recording television programmes.

Philips plans first to test market the video LP around Atlanta, Georgia, but hopes it will be available throughout the U.S. by 1980.

Video LPs will be introduced in Europe at a later date. Although no decision has been taken on where they will first go on sale, Britain would be a logical choice since no translation of the recordings would be necessary, Philips said.

Singapore cable sale for Pirelli

PIRELLI GENERAL Cable Works, of Southampton, has been awarded a \$7m superextension cable contract by the Public Utilities Board of Singapore.

The contract is for the complete supply and installation of 230,000 volt underground transmission circuits between Senoko power station and the new development areas of Tampines and Kallang Basin. In all, some 140 km of oil filled cable will be required, together with associated equipment.

This is the highest value export order ever won by the company and is also the first major contract in southeast Asia.

Initial surveys will start early in 1979 with installation commencing at mid-year. The commissioning of the Tampines circuits is planned for October 1980, with the Kallang Basin circuit following in January 1981.

The major part of the installation work will be undertaken by local labour, but the project management teams and skilled craftsmen will be supplied by Pirelli in the UK.

Agreement reached on Canadian oil for U.S.

BY OUR OWN CORRESPONDENT

OTTAWA — The Canadian Government has agreed to continue shipping 55,000 barrels of Alberta light crude oil daily to the U.S. instead of cutting the shipments by half on January 1.

The Governments of the two countries have also decided to set up a special committee to study the possibility of using partly idle refineries in Eastern provinces to produce gasoline and other products for north-eastern states.

The agreement was reached during a weekend closed-door meeting — between the U.S. Energy Secretary, Mr. James Schlesinger and the Federal Energy Minister, Mr. Alastair Gillespie.

The two Ministers also said they would continue efforts to ensure a \$12bn natural gas pipeline from Alaska if it could be financed without Government aid, and to have the U.S. Energy Department consider three sites

on the Canadian east coast for strategic oil storage. Senior Canadian officials estimate the surplus capacity of eastern refineries at about 250,000 barrels a day and they note that the New England States cannot produce enough refined products to meet local demand, AP-DJ reports.

They said the discussions raised the possibility of shipping Alaskan oil in bond to eastern Canadian refineries for processing and re-export to New England, or making Canadian refineries eligible for U.S. oil import entitlements.

On the continuation of shipments to northern refineries, Canadian officials said the approvals could continue on a month-to-month basis in the short term. The northern tier refineries are expected to remain dependent on Canadian oil until about 1983 when a pipeline completed linking them with Alaskan crude oil.

IFC finance for Turkey

FINANCIAL TIMES REPORTER

TURKEY'S MOTOR components industry is being expanded with the establishment of Istanbul Segman Sarmen, a \$34.8m venture to manufacture piston rings and cylinder liners for domestic use, according to the International Finance Corporation.

The company will build a plant near Adapazari, a developing area about 55 miles east of Istanbul, with an annual capacity of 12m piston rings of approximately 300 types and sizes and 800,000 cylinder liners of 30 types and sizes.

The components will help meet increasing demand from the growing Turkish motor vehicle and tractor industry and result in estimated net foreign exchange savings of \$13m a year.

Financing is being provided by Turkish and foreign investors and by the International Finance Corporation, an affiliate of the World Bank. The primary

sponsor is Ercan Holding, an Istanbul industrial group with operations principally in the automotive field.

Equity is being provided by Ercan Holding Company, Istanbul Mahle Piston and Tercar Yatirim Holding (5.5m); Turkiye Is Bankasi (\$2.1m); Turkiye Sinal Kalkinma Bankasi; and IFC, \$14m, which will provide Turkish investors (\$3.3m, including \$2.8m by public offering).

IFC is lending \$8m for the project; TSKB is providing a \$5m foreign currency loan and the Arab-Turk Bank, \$2m. Suppliers' credits and local bank loans complete the financing plan. Istanbul Segman will produce the piston rings and cylinder liners under licence from, and with the technical assistance of, Nippon Piston Ring Company of Japan. Nippon Piston Ring is one of the world's largest manufacturers of these components.

N. Zealand expertise selling well abroad

BY DAI HAYWARD IN WELLINGTON

FOR MORE than 100 years New Zealand's vital export earnings have come mostly from its agricultural products, butter, cheese, lamb and wool, but now great efforts are being made to promote a new type of export—expertise.

An organisation called ENEX, formed exactly 10 years ago, has put millions of dollars onto New Zealand's overseas earnings by pooling the country's resources of skill and technical knowledge into a unique talent organisation.

It competes for contracts to design, plan and supervise any large-scale operation in South East Asia which calls for sophisticated expertise. Many are multi-million dollar operations and would be well beyond the resources of one individual company.

Electricity planning projects, fish storage operations, hydro electric schemes, roads and bridges through difficult terrain, cement plants, flour and feed mills. All have been planned and designed by New Zealanders as a result of contracts won through ENEX.

It has a full-time staff continuously travelling through Asia seeking out opportunities where New Zealand can utilise its talent. Membership of ENEX includes consultants who investigate, design, plan and supervise a project, technicians who can provide technical advice, contractors who can build it, and manufacturers who can supply equipment.

ENEX gives smaller companies an opportunity to participate in overseas contracts—and obtain experience working overseas which they would normally have no chance of getting. A variety of contracts have been carried out in 17 countries. These range from Korea and Thailand through Nepal, Malaysia, a number of Pacific island countries to Afghanistan and Libya.

It has had particular success in energy projects. New Zealand has one of the highest rates of electricity consumption in the world and is particularly skilled in electricity generation. It has

world class expertise in geothermal, thermal, oil fired and hydro electric power.

With the swing away from the use of oil for power generation, New Zealand is paying more attention to thermal and micro hydro developments. ENEX engineers believe this will open new opportunities for winning new contracts in the South Pacific. It has already been involved in providing energy in half a dozen different countries.

One of the biggest of these was a power station to bring electricity to a major city and area in Indonesia. Another contract is to develop a geothermal power scheme in Central Java. This \$18m project includes production bores, a power station and a steam transmission system.

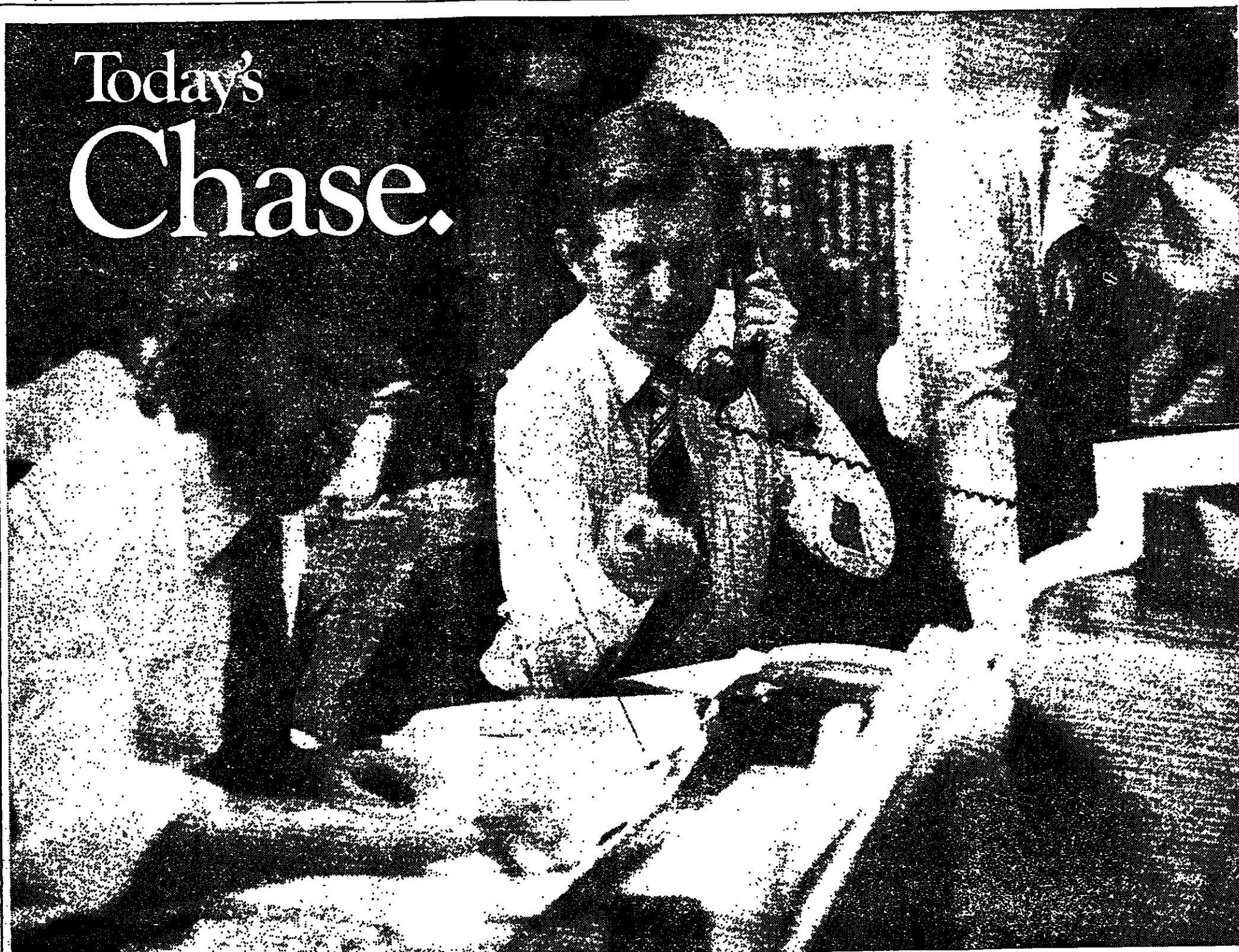
Thailand, Malaysia and Indonesia have similar geographic features to New Zealand, with mountains and swift flowing rivers. This has given New Zealand consultants and highway planners an added advantage when going after highway construction contracts. A major project in which ENEX is involved is one costing NZ\$1.5bn. It has a nine man team working with Indonesian Government highway officials to design 10,000 km of new road.

Recently the Thai Government awarded ENEX a contract to design and supervise 92 km of highway in north and central Thailand. In addition to opening up rice and maize production areas, the highway will improve access to the Hong Bua gypsum resource. These are expected to play an important role in the development of Thailand's cement industry.

ENEX provided the consulting services for a fish cold storage and distribution system in Sumatra. The objective was to improve the quality and size of the fish catch and second, to provide a constant supply of good quality fish to inland markets.

The project covered the whole operation from the establishment of ice plants, chilling rooms and ice storage through to insulated trucks, display cases and other equipment.

Today's Chase.



Alan H. Ulrick, Vice President, Manager, Foreign Exchange, Trading, London.

"Chase is much quicker on matters of foreign exchange. The deal is done on the spot." (Financial Director, major UK company)

Recently, an independent research company talked to 200 financial directors of major European companies; but in order that the respondents could feel free to talk openly their identities were not disclosed. The purpose of the survey was to discover Chase's strengths.

One particular virtue of Chase was clearly our foreign exchange expertise.

The advantage our dealers have is Chase's pre-eminent position in the dealing markets.

The advantage our customers have is that they are able to enjoy direct contact with the dealers. So needs are better understood and the service is faster.

A constant key to Chase's leadership emerging from the research is simply this:

Chase not only employ extremely good people,

but also give them a system in which they can operate as effectively as possible for customers.

The result is a highly personalised, very efficient service, praised by the respondent quoted above.

He added, "I'm influenced by the people I deal with in the banks—and personally I prefer the Chase Bank. They give excellent service and are always ready to give first-class advice. My first choice always."

He went on to sum up Chase's advantage in one word, "people."

Alan Ulrick who manages foreign exchange trading in London agrees "Better bankers

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UK NEWS

Minister heckled by Kirkby workers

By Our Industrial Editor

WORKERS at the Kirkby Manufacturing and Engineering co-operative on Merseyside heckled Mr. Alan Williams, Minister of State for Industry, when he addressed them yesterday on the plight of their loss-making business.

Mr. Williams emphasised the need for some of the 720 workforce to be made redundant. The co-operative's leaders are to prepare a new plan for keeping the enterprise alive and are to ask for a £3m Government loan.

The co-operative, which is losing about £20,000 a week, has already had £5.7m in Government aid.

Mr. Williams' visit followed the withdrawal last week of Worcester Engineering from a takeover bid for the co-operative that the Government was expected to back with £4m aid.

A mass meeting of the workers labelled him a "turncoat" and a "Tory". They backed Mr. Jack Spriggs, one of their convenor-directors, who said that the enterprise should remain a co-operative and should not be returned to the private sector.

Concern

Later, Mr. Spriggs said that he accepted that a National Enterprise Board takeover was not viable because of Government opposition, but he added: "I am sure that Mr. Williams will do all he can to get our new claim through."

Mr. Williams said that the mass meeting had left him in no doubt about the workers' concern for their future. "If they put forward a viable project we will consider it and, if possible, back it. What we want is a successful venture, not one which is continually losing money."

The claim is expected to be delivered to Mr. Williams tomorrow night. It will be drawn up with the help of PA Management Consultants, which prepared a report on the co-operative earlier this year.

It is believed that other outsiders may also be involved, although there is no question at this stage of a takeover by another concern.

Parliament Page 8

Plaques fetch \$55,000

TWELVE rectangular Limoges enamel plaques sold for \$55,000, plus the 10 per cent buyer's premium, at a Christie's sale of sculpture and works of art yesterday which brought in a total of \$242,818.

The plaques, from the Scenes of the Passion of Christ, attributed to the Master of the Large Foreheads who was active at the turn of the 16th century, were sent for sale by the Vestry of Wye Parish, Maryland, U.S.

An equestrian bronze figure of Peter the Great, attributed to Pietro Tacca, sold to the German dealer Neuhaus for \$22,000, while Mannheim of Zurich gave \$12,000 for a 17th century North German amber and ivory cabinet.

At Sotheby's an Aztec wood and turquoise mask of Tlaloc, made around 1300, sold for \$22,000 in a sale of primitive art. Among the books Weinreb paid \$8,500 for the first edition of Divina Proportione by Pacioli.

SALEROOM

By ANTHONY THORNCROFT

and Hammond £7,500 for Bucks' Antiquities of 1774.

A miniature by Nicholas Hilliard of a young lady made £7,500, another miniature, by Simon Reade, fetched £3,200. The Earl of Ossory, by Crosse, fetched £5,800.

A painting of San Francisco in 1869 by seafaring artist Captain Richard Bridges Beechey sold for £15,000 to London dealer Barman at a Phillips sale of 19th and 20th century pictures.

The picture shows San Francisco as a small settlement with a few Mexican gold miners and was painted by Beechey from sketches he had made in 1826 when he visited the coast in the sloop Blossom.

A weekend sale of lead soldiers at Phillips in New York, the first of its type there, totalled \$32,375, with every lot sold. A group of Roman soldiers from the 19th century German firm of Heyde sold to a private collector for \$600.

Metal Box to sack 400 can workers

By ROBIN REEVES, WELSH CORRESPONDENT

METAL BOX, Europe's largest can producer, is to make about 400 employees redundant in a series of moves to strengthen its competitive position.

A fall in overall demand for canned food and beverages is mainly to blame for the layoffs. But a growing market shift in favour of the two-piece can—at the expense of the traditional three-piece product—will suffer competition from other can-makers are important contributory factors.

The redundancy programme, which is confined to Metal Box's open-top group, is due to be completed by next April.

It involves the phasing out of the three-piece can manufacturing lines at the company's plants at Acton, West London, and Glasgow, each with the loss of more than 100 jobs.

A further 67 workers are to be made redundant at the company's factory in Neath, South Wales, making can ends.

More jobs may be lost at West

Houghton, near Bolton, through the closure of another two 3-piece lines. But Metal Box said yesterday that these redundancies would be avoided if the plant unions accepted changes in shift arrangements.

Indeed, agreement on a new shift pattern could lead to more jobs at Bolton.

Poor summers and mild winters over the last two years has produced a drop in canned food and beverage consumption in all sectors except pet food. Metal Box's customers evidently see no signs of a recovery.

Mild winters

Mild winters mean an adequate supply of competitively priced vegetables and other foods, whereas a "canners' winter" is one which triggers a strong demand for hot soups, baked beans and other such products.

On the beverage side, demand

for canned soft drinks and beer has not come anywhere near the level achieved during the long heatwave of 1976.

But Metal Box is now facing much stiffer competition from other can-makers. Within the last two years, two U.S. can manufacturers have decided to set up production in the UK.

Nacanco now has a plant at Milton Keynes and Continental Can is in the process of starting manufacturing at Wrexham, North Wales.

In addition, two other U.S. owned competitors already well established in the UK—Crown Cork and American Can—have recently expanded in the open top container field, and particularly the growing market for the two-piece can.

The traditional three-piece can is made from a piece of tinplate curved and soldered down the side with a top and bottom added, whereas the new two-piece production is extruded from a single piece of tinplate and requires only a top.

Building trade revival 'over'

By MICHAEL CASSELL, BUILDING CORRESPONDENT

THE short-lived revival in building output is over, according to the latest set of forecasts from the National Economic Development Office.

Total output this year is calculated to have risen by 6 per cent, although half of the improvement stems from an upturn in repairs and maintenance rather than new work. A fall of 1 per cent in total output is forecast for both next year and 1980.

With the exception of this year, construction output has fallen in each year since 1974 and the industry has been running 25 per cent below the peak reached in the early 1970s. Civil engineering has been even more badly hit, the domestic market forecast for 1980. Private housing completions are expected to fall from 150,000 this year to 145,000 next year and to 140,000 in the following year.

In the public sector construction markets (not including housing work) the outlook is for a marginal improvement in the next two years from the bottom of the trough thought to have been reached this year.

This year's 2 per cent decline in output should be followed by a 1 per cent rise next year, followed by a similar improvement in 1980.

The Little Neddies predict a disappointing outlook for the housing sector. They suggest that public sector starts, estimated at 110,000 this year, will remain at the same level next year and in 1980.

Completions, on the other hand, will fall from an estimated 135,000 this year to 130,000 in the next 12 months, and to 125,000 in 1980.

Outlook

Starts in the private housing sector are also expected to deteriorate from the more encouraging 150,000 total likely this year to 140,000 next year.

An increase in 145,000 is forecast for 1980. Private housing completions are expected to fall from 150,000 this year to 145,000 next year and to 140,000 in the following year.

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Housing accounts delayed

By MICHAEL CASSELL, BUILDING CORRESPONDENT

THE HOUSING Corporation has been forced to postpone the presentation of its report and accounts to Parliament because of a possible error involving "a few million pounds."

The accounts were due to be published yesterday, but the corporation said that its financial services division had raised a

question concerning their accuracy. The matter was technical and did not involve the misuse of funds.

"The accounts have been audited, but there was no question of them being presented to Parliament if there was any question of incorrect information being supplied. By the end of the

week, we should know if there is anything which needs amendment."

The corporation, which provides finance for housing associations throughout the country, will have to re-submit its accounts for auditing after they have been checked. It seems likely that they will be published some time next month.

Director quits Guinness Mahon

By JAMES BARTHOLOMEW

AFTER A STAY of just over a year, Sir Derek Mitchell, former senior Treasury official, is leaving Guinness Mahon, the City merchant bank.

The move is the latest in a line of comings and goings by senior figures at the bank and its parent company, Guinness Peat. Last month, Mr. Edmund Dell, the former Secretary for Trade, was announced as next chairman of Guinness Peat.

Sir Derek was Second Permanent Secretary (Overseas Finance) at the Treasury before joining Guinness Mahon as a director in October last year. He

submitted his resignation yesterday, and expects to have left within a month. He declined comment on suggestions that he was leaving because of disappointed hopes of promotion.

In October, Mr. Graham Starforth Hill, another Guinness Mahon director, was named as the next chairman of the bank. Mr. Hill had previously been a prominent lawyer in Singapore, and one of the inspectors of the affairs of Haw Par.

Sir Derek said: "I am not showing any great signs of disappointment. My departure is

entirely amicable."

He said that he would be taking up another appointment in the City before long, but would not say whether he would be staying in banking.

Among other prominent figures who have been associated with Guinness Peat are Sir Charles Villiers, now head of British Steel, Lord Goodman, who acts as a consultant to the bank, and Sir Fred Warburton, a former ambassador to Japan.

Lord Kissin has been the guiding light and chairman of the group.

Friendly society funds rise

By ERIC SHORT

TOTAL FUNDS of UK friendly and collecting societies rose last year by \$500 to nearly £1,050m, according to the annual report published today by Mr. Keith Brading, Chief Registrar of Friendly Societies.

The friendly and collecting societies movement, which traces its origins back to Elizabethan times, was designed to provide protection against sickness, death, unemployment and retirement. But the advent of the National Health Service and National Insurance made these objectives obsolete.

The movement, however, is taking a long time to disappear from the scene. The report shows that the overall number of societies continues to fall. There was a net decline of 32 to 568 in the number of societies by the end of last year, and the number of branches fell by 129 to 4,233.

But the number of members at the end of last year stood at 2.56m, a fall of only 69,000 on the year.

These figures show that the bigger friendly societies are still trading actively. Contribution income last year rose by £500,000 to £41.5m, and investment income by over £21m to £27.6m. Benefit payments were £14m

lower at £33.3m, but 1976 saw an abnormally high number of policies maturing. Management expenses were £500,000 higher at £10.8m.

Total investment reached £1,030m. The societies increased their holdings in gilts to £412m, to £41.5m, and investment income by over £21m to £27.6m. Holdings in land and buildings fell slightly last year to £198m.

'Cheap power' probe

By COLLEEN TOOMEY

THE ELECTRICITY Council's advertising campaign for a new economy tariff is being investigated by the Advertising Standards Authority because of a complaint by a consumer.

Last week the Economy 7 tariff was severely criticised by the Consumers Association maga-

zine, Which? It said that the advertisement contained misleading claims and false fuel-saving comparisons.

The Electricity Council said that it had submitted the advertisement to the authority before launching the Economy 7 campaign.



MRS. SHIRLEY WILLIAMS

Government increases science spending by £47m

By David Fishlock, Science Editor

THE GOVERNMENT has halted the decline in its science spending by allocating another £47m to the science budget over the next four years.

Research chiefs say the extra cash will strengthen the Government's basic research effort in a range of sciences from cancer studies to advanced computing techniques. It will also allow its re-entry into space by way of the U.S. Space Shuttle.

The £47m increase, for the Government's five research councils, was announced to Parliament yesterday by Mrs. Shirley Williams, Secretary for Science.

Mrs. Williams said that she found the work of her research councils "extremely exciting."

Her colleagues had finally got the message that to concentrate upon applied research at the expense of more fundamental science was no long-term strategy.

Emphasis

She had learned from her travels how highly respected abroad was Britain's basic research.

The shift in emphasis from fundamental to more applied forms of research started in Government in 1972, after publication of Lord Rothschild's green paper on Government science funding.

The net result of the extra cash will be to increase in real terms the science budget by £10m in 1979-80 and 1980-81, by £12m in 1981-82, and by £15m in 1982-83, the science budget for 1979-80 is £266m.

Most of the £47m increase, about £30m, will go to the Science Research Council, whose budget has been particularly hard-hit in recent years.

Professor Geoffrey Allen, its chairman, said yesterday the extra money would enable his department to "big science"—nuclear physics and space research—to level out after a period of decline without stemming the growth in its engineering research budget.

For the other four research councils, the benefits will be less conspicuous. In the case of the Social Science Research Council, there will be no extra money in the next three years.

More details of the science budget are expected to be published next month, in the annual report of the Advisory Board for the Research Councils.

Vehicle imports increase

By Kenneth Gooding, Motor Industry Correspondent

THE VALUE of vehicles imported into the UK will probably exceed £2bn this year, a 50 per cent rise on last year's total.

As a result, the motor industry's contribution to the UK balance of payments will fall below last year's level of £1.3m. This is the outcome of a year in which demand has reached near-record levels, while production has been held back by various industrial disputes.

These culminated in the nine-week Ford strike, which is estimated to have caused the loss of 108,000 vehicles.

By the end of last month, car sales had risen by 21 per cent for the first 11 months compared with the same period a year before.

Buoyancy

The Society of Motor Manufacturers and Traders expects registrations to reach about 1.6m for the year as a whole, not much below the peak of 1.66m reached in 1973.

Sales of commercial vehicles have jumped by around 17 per cent over the 11-month period, making the UK one of the few European markets with any buoyancy.

Yet production of cars in the three months to the end of last month fell by 22 per cent on the previous three months, while commercial vehicle output was down 19 per cent.

Vehicle imports are therefore expected to rise to 200,000 this year to more than £500m. By the end of last month, car imports totalled 752,000 against 800,000 for the whole of last year, and commercial vehicle imports reached 52,900 compared with 37,000 for all of last year.

Move toward engineering from aerospace goes on

HAZEL DUFFY explains the background to Hawker Siddeley's bid for Westinghouse

HAWKER SIDDELEY'S proposed acquisition of Westinghouse Brake and Signal marks another step by the former aerospace company towards consolidating its position as a major engineering group.

Hawker Siddeley set out on the trail 21 years ago when it made its first entry into engineering with the acquisition of the Brush group. Right from the start, the policy has been always to build on that engineering strength and carefully to choose acquisitions which fit in with that policy.

Its success can be gauged from the fact that its total sales in the current year will approach £1bn and that the nationalisation of its aerospace interests in April 1977, far from leaving a glaring gap, could be seen as a departure for which the company was more than adequately prepared.

Hawker, already well placed as far as cash reserves were concerned, had its cash balances swelled by another £115m with compensation from the Government for the aerospace companies' share of a loan, particularly from Hong Kong and other developing countries in Latin America and Africa. Sometimes around £130m before the proposed purchase of Westinghouse Brake and Signal.

This company, established nearly 100 years ago, shares the better-known aerospace organisation across the Atlantic apart from a common founder. In 1977, it had total sales of £82m, of which about 60 per cent was in equipment and control systems for railways, and about another 10 per cent in mining equipment.

At the same time, these two markets accounted for 27.5m of Hawker Siddeley's much larger turnover. It is to strengthen these activities that Hawker Siddeley proposes, with the approval of the Government, to take over Westinghouse.

Although the markets are the

same, the equipment that each of the two companies makes is different. Hawker Siddeley describes the takeover as a bid for a complementary producer rather than a competitor and, for this reason alone, it would seem unlikely that the bid will run into any opposition on monopoly considerations.

From an industrial point of view, the bid has definite advantages. The aim of the merger is to create a strengthened unit in the expanding areas where the ability to offer a total service is often the key to clinching an order.

Hawker Siddeley already has this "turnkey operation" ability in power engineering, and now seeks to do the same in railway and mining equipment.

Expansion

Much of the expansion in both areas is overseas. For rail, the demand is coming in particular from Hong Kong and other developing countries in Latin America and Africa. Sometimes the demand is for completely new railways and in other cases for modernisation, where, for example, Westinghouse's experience in signalling systems will be particularly valuable.

Westinghouse already has orders for signalling circuits from Egypt, the Kowloon-Canton railway and the Hong Kong mass transit railway. Hawker Siddeley can point to its experience in supplying diesel locomotives throughout the world, as well as traction motors for British Rail's High Speed Train, while its Canadian subsidiary is an important manufacturer of carriages for underground systems.

Between them, both companies are also supplying British Rail, London Transport and the Tyne and Wear metro with fare collection equipment.

For Westinghouse, which it is intended will operate as a separate subsidiary of Hawker Siddeley, the merger will provide greater financial backing for its growing product range.

For the UK economy as a whole, it may give industry a greater chance to compete on those large-scale projects which, so often, fall to competitors in Japan, Germany, France, Italy, and the U.S.

Managers complain about sanctions

By MAURICE SAMUELSON

THE BRITISH Institute of Management protested last night to Mr. Denis Healey, Chancellor, against the use of sanctions against companies.

It said that they were "grossly unfair" and "one-sided discipline," because it was the unions which were responsible for breaches of the 5 per cent pay limit.

The protest was made during a working dinner given by the institute for Mr. Healey and Treasury officials. The institute was headed by Mr. Leslie Tolley, the chairman, and included Sir Peter Parker, British Rail chairman, and Sir Fred Catherwood, chairman of the British Overseas Trade Board.

The institute repeated its call for the setting up of a relatively board to deal with pay differentials, and said it would like to take part with the Trades Union Congress and Confederation of British Industry, in annual discussions on pay and price levels.

On sanctions, Mr. Tolley told the Chancellor that, although managers and other employees were not understood by employees in time to prevent stoppages. "So, being unfair, sanctions cannot be effective without employees understanding of the consequences."

The institute also called for annual discussions to establish a national income increment which would influence bargaining, and the introduction of secret ballots by unions on strike decisions.

If necessary, secret ballots should be required by legislation, and public money be made available to finance them.

In advance of firm recommendations for next year's spring budget, the institute renewed its calls for reduction in personal taxation and urged the Government to accelerate its shift from direct to indirect taxation.

It regretted the failure of the Government and TUC to renew their agreement on wages. However, certain points in the Howland agreement should be pursued, recognition of the link between settlements and prices, and of the link between settlements and productivity.

World economy 'changed after 1973 oil crisis'

By DAVID FREUD

THE WORLD economy moved into a new phase of development with the oil crisis of 1973, according to Mr. T. M. Rybczynski, economic adviser to Lazard Brothers and Co.

Mr. Rybczynski writes in the quarterly Three Banks Review: "The world economy is in a transitional phase resulting from basic changes in the pace and pattern of production, the composition and direction of international trade and in the size, direction and character of capital movements."

Since 1973, manufacturing output and the relative importance of manufacturing industry in advanced countries has declined in contrast to the developing countries' share of world trade and their trade among themselves had fallen. Capital movements had changed, both in direction and nature. The

industrial countries were no longer the providers of savings to the world—they were net importers of capital.

The changes taken by the OPEC nations, who lent not through long-term portfolio and direct investment, but indirectly, placing their funds with Western financial institutions which re-lent them principally as short medium-term bank loans.

Trade was also becoming markedly more protectionist. These were fundamental changes, with similar characteristics to fundamental shifts that had occurred in the past. They reflected changes in the relative positions, economic strength and policies of the major countries.

They required "difficult and painful adjustments in production, trade, employment and relative prices, and, not least, in the rules governing economic relations with other countries," says Mr. Rybczynski.

Engineering production fall is forecast

By MAURICE SAMUELSON

MECHANICAL ENGINEERING production in the UK is expected to achieve a 2.2 per cent growth rate by the first quarter of next year but will fall to 2 per cent in the following 18 months.

The forecast is made today by Economic Models, the London-based international forecasting consultancy which said it is subject to skilled labour availability and that there are already signs of a shortage.

One of nine sectors, for which a forecast is given, export growth was likely to be strongest for construction and earth-moving; industrial plant and constructional steelwork; and for agricultural machinery.

Home market growth was expected to be stronger, in six sectors: construction and earth-moving equipment, industrial engines, machine tools, office machinery, pumps, valves and compressors and agricultural

machinery. However, this growth was expected to benefit imports more than UK producers.

This would be most evident in industrial engines, pumps, valves and compressors, and textile machinery.

The prospects for textile machinery looked gloomy, both at home and abroad. "With both home and export markets closing to them, home producers' output is likely to continue its downward trend after a standing in 1978," the forecasters say.

Coal record

THE 1,760 miners at Shirebrook Colliery, near Chesterfield, have broken their weekly output record for the 42nd time in eight weeks, the National Coal Board said yesterday. This time they had produced 30,000 tons of coal.

Ugandan tea deal cannot be halted

By A. H. HERMANN, Legal Correspondent

THE HIGH COURT ruled yesterday that the Uganda Government cannot be sued in English courts by creditors of companies it compulsorily acquired, and which it assumed under Ugandan legislation.

In a judgment given in open court, Mr. Justice Donaldson refused an application by The Uganda Company (Holdings) that the Government of Uganda should not be allowed to dispose of its war assets in London which The Uganda Company wanted as security against its claim of £240,155 against the Uganda Government.

The Uganda Company paid the money to guarantee a Ugandan borrower whose business was taken over by the Uganda Government under legislation passed between 1972 and 1975, for the compulsory acquisitions of properties and businesses.

There was also a Ugandan co-guarantor who should have paid part of the borrowed amount, but this company was also taken over.

The Uganda Company based its claim on a Ugandan decree of 1972, which provided that all obligations and liabilities of compulsorily acquired businesses passed to the Government. But the Government disclaims responsibility.

This decision appears to be contrary to the spirit of the State Immunity Act 1978, according to which a foreign state can be sued in England in respect of any interest in movable or immovable property arising by way of succession. But this Act came into force only last month and is not retroactive.

The Uganda Company has appealed against the judgment and lawyers will now look for clearer guidance on international law, which itself does not recognise judicial precedent. They will also hope for a clarification of the duties of a lower court judge when faced with conflicting decisions of higher courts.

Medical battle starts

Financial Times Reporter

THE Medical Defence Union began its fight to maintain independent status in the High Court yesterday.

The professional body, which provides indemnity cover against doctors' errors, is seeking a declaration that it is not an insurance company under the Insurance Companies Act 1974 and subsequent regulations.

Mr. Robert Alexander QC for the union, which was

Workers reject call by Aborigines to black minerals

BY PAUL CHEESERIGHT

THREATS from Queensland Aborigines that Australia's mineral exports would be blacked if the Rio Tinto-Zinc group agreed to write to the aborigines expressing moral support evaporated yesterday.

Shop stewards at a lead and zinc smelter in Avonmouth said they would not refuse to handle the feedstock.

The Avonmouth smelter is owned by Australian Mining and Smelting (Europe), part of the Rio Tinto-Zinc group, and handles more group raw materials from Australia than any other UK plant.

An aboriginal delegation, led by Mr. Mick Miller, and supported by War on Want and Colonialism and Indigenous Minorities Research and Action, seems to have been made more last week had talks with Rio Tinto-Zinc executives in London. Afterward, the blacking threat was made, with the allegation that a commitment had been received from Avonmouth group stewards not to handle group materials from Australia.

Afterward, the blacking threat was made, with the allegation that a commitment had been received from Avonmouth group stewards not to handle group materials from Australia.

Healey urged to end tax anomalies

BY DAVID FREUD

MR. DENIS HEALEY, the Chancellor, is being urged by the Institute of Taxation to clear up several outstanding tax anomalies in the next Finance Bill.

The Institute's submissions, released yesterday, are more technical than those of the Confederation of British Industry and the Conservative Committee of Accountancy Bodies, which have been delivered to the Chancellor over the last fortnight.

However, it is confident that several of the items will receive a sympathetic hearing from the tax authorities.

Its recommendations coincide with those of the accountants in two areas. The first concerns cases where interest covering an extended period is paid in one year.

Both bodies say that a method of spreading the tax liability should be introduced, similar to that used in taxing redundancy payments.

The Institute also pinpoints an anomaly in the averaging of farming profits. The Finance Committee and the excess should be allowed, it says.

NEWS ANALYSIS • PUB SWAPS

Attempt to avoid enforced changes

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE LATEST round of pub swaps announced yesterday by more than 1,000 pubs, the big brewers shows once again the industry's sensitivity to the public house trade, is concentrated in the hands of a few large companies.

Ever since the 1969 Monopolies Commission report first publicly voiced these criticisms, and in particular, called for increased competition as a "remedy for the defects which we have found in the tied house system in the UK," the brewers have been fighting a rear-guard action against Government enforced changes.

In the early 1970s there were a number of small-scale exchanges designed to reduce concentration in any particular part of the country. These small swaps were followed a year ago by an exchange of 437 public houses. But after a critical Price Commission report last year, the brewers were again pressed by Mr. Roy Hattersley, Prices Secretary, to agree on further exchanges to improve competition in areas where one brewer tended to dominate.

After six months of research, aided by computer analysis of the operating performance of all the brewers' public houses, the brewers have come up with a package of 1,000 possible pub swaps to be implemented over the next five years. But as only about 2 per cent of the 51,000 brewery-owned pubs will be affected by the proposed deal, the amount of change in any one area will be limited.

The Brewers' Society said last night that the swaps will mean that no national brewer will have more than half of the public houses in any local government area with a population of 100,000 or more. No national brewer will be selling more than a third of the beer in these areas as a result.

The brewers' willingness to agree to the swaps arises partly because of the limited number of public houses affected, and partly because the regional concentration of pubs was largely the result of historical accident.

When the industry was going through its rationalisation throes in the 1960s, and the big breweries were gobbling up the smaller companies, some of the acquisitions resulted in some areas giving the brewers a virtual monopoly for the supply of beer through public houses. This did not fit precisely with the brewers' strategic objective of creating national breweries, since they were unable to break into new areas without having a chain of tied houses in that region.

Plan to regenerate inner London areas

BY PAUL TAYLOR

THE REGENERATION of inner London and policies directed at the redevelopment of docklands forms the central feature of the Government's strategic plan for the South East of England, published yesterday.

The updated plan, which deals in detail with issues such as population growth, transport, housing, industrial development and employment, is a coherent re-statement of Government policy for the region, and will form a flexible framework for local authority planners and others.

The original South East Strategic Plan was produced in 1976 and approved in 1977. It was updated by a review in 1978 by the Standing Conference on London and South East Regional Planning and the South East Economic Planning Council.

The latest statement of Government policy draws together elements from the previous plans and incorporates new Government policies such as the Inner Urban Areas Act 1978.

It places particular emphasis upon the drive for the regeneration of inner London and contains clear statements on issues such as selective development, restraint, new towns policy and transport priorities, including the expansion of the region's two main airports and the need for completion of the M25 motorway.

Introducing the plan, Mr. Peter Shore, Environment Secretary, said there had been big changes in Government policy since the 1976 review. He drew particular attention to three aspects of the new strategic plan.

First, successive post-war Governments had had a policy of moving people and industry out of London. Although this policy was right then, it can no longer be justified, Mr. Shore said. Through a combination of policies the Government was firmly committed to special aid for inner cities, including London.

Secondly, changes in the predicted increase in population in the region had made it necessary to change policy in relation to planning restraint and growth areas, although the Government remained committed to a green belt of between 12 and 15 miles wide.

Lastly, transport policy must remain in step with population changes and other movement within the region.

Framework

The South East Region, comprising Greater London and 12 county authorities, was the largest region in England with a diverse and resilient economy, said the plan. It said the previous plan had traditionally been those of growth and, until

recently, a substantially increasing population on the one hand and "overheating" in the regional economy in "periodic boom conditions" on the other.

The strategic plan includes a guide to Government policies on: ● Population growth and movement: Details of the special help to London are given but the plan said there must be continuing scope for population growth in the region outside London and for the larger number of smaller households emerging.

The growth areas in the 1970 Strategic Plan have been retained but scaled down. There will be continuing support for certain areas of development, restraint, in particular for the green belt. A green belt of between 12 and 15 miles "is considered sufficient" to stop the spread of London.

● Transport: The Government will continue to give priority to the road-building programme. The M25 motorway will provide a link from Heathrow to the M1 and to Gatwick and a high-speed route around London. Other road improvements are to be pressed forward.

Because of uncertainties over the rate of growth of air traffic the Government considers that demand in the 1980s should be met through the expansion and improvement of existing airports rather than the provision of a new airport.



Mr. Peter Shore
Policy no longer justified

London rail commuter services do not meet full costs and the Government will continue to press the Railways Board to reduce operating costs.

● Housing: In spite of emphasis on conversion and rehabilitation, there will be a continuing need for more housebuilding in London and the South East. Emphasis will be given to the importance of mobility in the housing market to complement industrial and employment policies.

● Industry and Employment: The employment problems of inner London received special mention. Companies wishing to invest in the South East will be encouraged to consider docklands and other partnership areas.

Strategic Plan for the South East, S.O. £1.50.

Fluctuating incomes put Scots ahead in savings league

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE POPULAR image of the Scots as thrifty savers was given statistical support yesterday by as high as 9 per cent and more the Fraser of Allander Institute often it was 4 per cent or less.

The authors conclude that the high level of saving is partly a result of vigorous encouragement by the savings banks movement in Scotland and partly because so many Scots work in industries where their incomes fluctuate.

They tend to save more when wages are good but react to unexpected price increases by cutting back on consumption.

In the 10 years to 1975, only twice did the amount saved by Scots families fall below 10 per cent of the total they had to spend and at its highest it was 19 per cent.

Discussion Paper No. 12, Fraser of Allander Institute, 100 Montrose Street, Glasgow.

EEC coal vital-Ezra

FINANCIAL TIMES REPORTER

A CALL for the European Community to utilise fully its own energy resources and not depend on imported oil, was made yesterday by Sir Derek Ezra, chairman of the National Coal Board.

He told the European Atlantic Group, meeting in London, that the "surest fail-safe insurance" for Europe was a "healthy, dynamic coal mining industry." The stagnation of world energy demand over the past two years would be short-lived, but the temporary glut to which it had given rise obscured the longer-term prospect of world scarcity, and increasing costs.

Although the EEC Council of Ministers has adopted a policy of reducing excessive dependence on imported energy which would progressively reduce the proportion from the 1973 high of 63 per cent to 50, and desirably to 40 per cent, action to implement that policy has still to be taken.

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As a 'Keep Motoring' policyholder, you are entitled to a Godfrey Davis car if your car is off the road due to accident, damage, fire or theft insurance. Under this policy, you may retain the Godfrey Davis car for up to a fortnight. This period will begin on the day you collect the Godfrey Davis car and run for fourteen consecutive days or until your car is returned to you, whichever happens first. We will insure the Godfrey Davis car in exactly the same way as your car is insured. This service is only available from Godfrey Davis depots and agents in the United Kingdom.

The policy does not insure

- 1 loss of use, depreciation, wear and tear, mechanical or electrical breakdowns or failures
- 2 damage to tyres by braking, road punctures, cuts or bursts
- 3 damage caused directly by pressure waves from aircraft and other aerial devices
- 4 any accident, injury, loss or damage which is caused by a result of (a) earthquakes or (b) riot or civil commotion outside England, Scotland, Wales, Isle of Man and the Channel Islands

Exceptions to Part B of your policy

does not

Loss or damage which is not covered by Part B of your 'Keep Motoring' Policy.

Part B of your 'Keep Motoring' Policy has explained how we insure your car against accidental damage, fire and theft. In the following pages we deal with the general features which apply to your policy as a whole.

The step by step commentary.

An insurance policy is a legal document.

As such, it's full of complex and, to most of us, unintelligible clauses, sections and sub-sections.

All very well for the expert.

Not so good for you, the motorist.

What you need is a motor insurance policy that talks to you

in plain language.

Like General Accident's newly simplified "Keep Motoring" policy. (Available 1st January, 1979.)

It's been completely re-written in "plain English" making it easier to read and understand. And you'll find a special commentary to guide you step by step through the policy.

This outlines the benefits offered—such as the free use of a Godfrey Davis car while yours is off the road. Equally important, it also shows clearly what is not insured.

At last, a motor insurance policy that you can understand. Proof that General Accident understands you.

General Accident

Keep Motoring. Honestly, it's the best policy.

UK NEWS-POLITICS

Pressure Tories attack North Sea oil tax policy

Kirkby cash

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

By Our Parliamentary Staff

The Government came under pressure from Left-wing Labour MPs in the Commons yesterday to give further financial aid to KME, the Kirby workers co-operative.

The demand for more aid for the co-operative was led by Mr. Bob Cryer (Lab, Keighley), who resigned as a junior industry minister because of the Government's decision to back moves by a private engineering company to take over the co-operative.

He urged the Government to reconvene a working party on the future of the co-operative. The proposed takeover by Worcester Engineering was simply a means by which enterprise "to grab the 10 per cent of the radiator market held by KME."

The Government should keep the co-operative going as a means of securing jobs in an area of high unemployment and as an important symbol to the trade union movement," said Mr. Cryer.

Mr. Leslie Huxford, Industry Under-Secretary, said ministers recognised Mr. Cryer's strong feelings on Kirkby, "but to date KME has received £5.672m."

He said the Government's understanding from yesterday's mass meeting was that further proposals on the co-operative may be put forward tomorrow.

Mr. Eric Kaffer (Lab, Liverpool, Walton) reminded Mr. Huxford, a fellow member of Labour's national executive, of an executive resolution urging continuation of the co-operative and further Government support to put it on a new basis.

Mr. Huxford said he was unable to give a specific answer on the question of further Government aid. "But anything which does emerge in the way of an application will get the fullest possible consideration," Premier Consolidated Oilfields.)

He protested that Mr. Benn was not present in the Chamber to answer the charges made in the debate. The Government's reply was to be given by Mr. Benn's deputy, Dr. Dickson Mabon, the Minister of State for Energy.

The vast sums of money were involved in Britain's offshore oil industry, said Mr. Viggers. The value of oil landed in 1977 was

THE Government is taxing the commercial oil companies out of existence in the North Sea, Mr. Peter Viggers (C, Gosport), claimed in the Commons last night.

He was moving a resolution calling on the Government to end the uncertainty which, he claimed, had been caused by Mr. Anthony Wedgwood Benn, Energy Secretary.

Mr. Viggers said the uncertainty had resulted from Mr. Benn's endorsement of the Labour Party conference resolution calling for further nationalisation of North Sea oil.

Clarification

Mr. Viggers also called on the Government to clarify Mr. Benn's remarks about British Petroleum. Mr. Benn had told the annual conference that the relationship between the Government and BP—in which it has a 51 per cent stake—was not a very satisfactory one.

He had described a resolution calling for BP to be brought under full public control as "an important addition to Labour's armoury of policies."

Mr. Viggers's motion declared that full nationalisation of North Sea oil would be counter-productive. He called on the Government to provide an economic climate in which private enterprise could continue to contribute to oilfield development.

Development

At the start of his speech, Mr. Viggers was challenged by Labour left-winger Mr. Bob Cryer (Lab, Keighley) to declare his own personal business interest in oil.

Mr. Viggers agreed that he was involved in the financing of North Sea oil development but argued that this background enabled him to bring particular expertise to the debate.

(The 1978 Who's Who lists Mr. Viggers as a director of Energy, Finance and General Trust and full-time consideration.)

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Mr. Peter Viggers: oil industry alarm

£2bn while gas accounted for a similar sum. By the mid-1980s the tax yield alone on North Sea oil would be £4bn a year.

A State-controlled agency such as British National Oil Corporation was uniquely unsuited to deal with the major commercial problems of North Sea oil developments, he continued.

BNOC was privileged and pampered while its relationship with the Department of Energy was unclear. It operated as an oil company but also had many other roles linking it with the Government.

"BNOC has been given too many roles," he said. "It is referee as well as player. No one in the oil industry now believes that BNOC is impartial."

Mr. Viggers thought that the economic climate in the North Sea had been getting steadily worse. Costs were increasing fast and it now cost as much as £10m to sink a well.

The number of new wells had declined over the years. In 1976, 58 were sunk, in 1977 there were 67 but this year it was estimated that there would only be 39.

It seemed that the current sixth round of oil licence applications was not going at all well. Many major oil companies had put in only nominal applications. "There is alarm at the drop in the work on new wells," he said.

"The increase in petroleum revenue tax and costs is threatening the development of marginal oilfields."

"I foresee that when the private oil companies drop away the Government will then allege an investment strike."

Mr. John Haanans (C, Exeter) told the House that there was grave disquiet over the effects of Mr. Benn's "unconcealed political machinations" in the energy sector.

"What he is really doing is creating a rift within the Energy Department and causing a serious loss of confidence in the future stability of North Sea oil industries."

Council boycotts eased

By Our Parliamentary Staff

MR. PETER SHORE, the Environment Secretary, confirmed in a Commons answer last night that local authorities are no longer bound to enforce Government pay guidelines by obtaining an undertaking that companies tendering for contracts would conform to pay policy.

He was asked by Mr. Norman Tebbit (C, Chingford) whether advice to local authorities to enforce Government pay guidelines by obtaining an undertaking that companies tendering for contracts would conform to pay policy.

Mr. Shore said in a written reply: "No names of companies have been given to Government contracts were circulated to local authorities. The undertaking, clause and certificate which the circulars asked local authorities to use related to section one of the Remuneration, Charges and Grants Act 1975, which lapsed on July 31, 1978. The arrangements are therefore valid only in respect of the period when section one of the Act was operative."

Mr. Dennis Davies, Treasury Minister, rejected a call by Sir Anthony Rowe (C, Richmond) that the Government should consider ways in which company taxation could be adjusted to reduce the loss of profits incurred as a result of increasing demands for wage increases in excess of the guidelines.

Mr. Davies said that company profits were reduced for whatever reason would be reflected in a lower tax bill.

Pay complaint

ON INFORMATION now available to the Department of Employment, a pay settlement by the Trades Union Congress for its staff "does not appear to be consistent with the pay policy guidelines," Mr. Harold Walker, Employment Minister, told the Commons in a written answer last night.

Government squirms on pay principles

BY IVOR OWEN

THE Commons had a taste yesterday of the Government's difficulties over whether to authorise substantial salary increases for MPs and civil servants or to insist on observance of the pay guidelines.

Mr. John Biffen, from the Conservative front bench, accused Mr. Charles Morris, Minister of State for the Civil Service, of "pure equivocation" in the face of repeated challenges to say whether adherence to the 5 per cent guideline would take precedence over the principle that civil service pay should be maintained at comparable levels to that in the private sector.

Mr. William Price, Parliamentary Secretary to the Privy Council Office, reaffirmed that the Government could give no binding commitment to implement all the recommendations in the review being conducted by the Boyle Committee.

He said that the Pay Research Unit's report, giving comparisons of individual jobs inside and outside the civil service, was being made available to the negotiating parties. Its findings would provide the basis for the negotiations leading to a settlement from April 1, 1979, subject to "national pay policy."

Mr. Dennis Skinner (Lab, Bolton) urged the Minister to tell the leaders of the civil service unions that the 5 per cent policy would not be carried out by the Government.

Mr. Morris replied that civil service pay was based on fair comparison but Mr. Dennis Skinner (Lab, Stirlingshire W) contended that an increase of at least 50 per cent would be required to bring public service pay up to the standard of comparable workers in the private sector.

Mr. Peter Bottomley (C, Woolwich W) asked: "Will the negotiations be about comparability or the five per cent pay policy?" Mr. Morris said the Government's guidelines would obviously be a major factor. He insisted that he had not stated that, on the basis of the Pay Research Unit's report, the Government intended to agree to increases outside the guideline.

Dealing with questions on MP's pay, Mr. Price indicated that the Boyle Committee "was expected to produce its recommendations in time for the next annual review of Parliamentary Salaries and Allowances in June. There would have to be 'clear and compelling' reasons for the recommendations not to be implemented."

Mr. Hal Miller (C, Bromsgrove and Redditch) suggested that the Boyle Committee should place greater emphasis on MP's pay than on expenses, which were ways open to "misrepresentation if not abuse."

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LABOUR

Canal supervisors take claim to arbitration

BRITISH WATERWAYS canal supervisors, whose special case plea has been rejected, are taking industrial action which threatens to close the inland waterways system to freight traffic. Already it is having an effect on industrial water supplies.

The 600 canal supervisors, who claim their traditional pay links with other groups were affected by the cut-out date for pay settlements, decided yesterday to go to arbitration.

The Government's refusal to allow their claim adds weight to beliefs that Ministers are determined to restrict special case status to only a few groups. BBC vice-workers are now about 80 per cent monthly paid staff and agricultural workers have already had their applications turned down. Only plumbers and pipe fitters have managed to achieve a deal.

Mr. Geoffrey Drain, general secretary of the National and Local Government Officers' Association, was told the claim had been refused at a private meeting with Mr. Peter Shore, Environment Secretary, and Mr. Albert Booth, Employment Secretary.

The basis of the supervisors' claim is that pay anomalies which have arisen since the introduction of pay restraint in 1975 leave them seriously out of line with British Waterways manual workers, and with comparable workers in the water services industry.

The supervisors say that the gap between their annual wage increases is now about 80 per cent, excluding lower overtime rates and shorter holidays.

Ministers rejected the claim, though, on the grounds that the interrupted relativities allowed for under the special case guidelines.

Mr. John Miller, the union's national chemical industry secretary, said the offer included consolidation of Phase One and Phase Two pay policy supplements.

It also involved 7.5 per cent new money on existing salaries for both day and shift workers. Shift workers would also be entitled to an increase on shift allowances from £391 to £396.

The union said the overall effect of the offer would be an increase on earnings of over 6 per cent. There was no productivity element although the company was seeking continued commitment on a 35-hour week and had been prepared to lower its money claim if the company proposes firm moves towards shorter working hours.

The company is studying a union request for a further meeting on pay next week.

Benn asked to intervene over Shell job cuts

BY KEVIN DONE, ENERGY CORRESPONDENT

TRADE UNIONISTS have called request to allow time for consultation with the trade unions had been rejected.

He has told Mr. Benn that the decision was made in secret and issued to the workers as an "18-page diktat."

Mr. Lyon said that Shell's action was incompatible with steps being taken by Mr. Benn to ensure consultation in the oil industry on investment and manpower planning.

Mr. Benn is pressing for the formation of a tripartite committee involving Government, industry and trade unions, to consider problems arising in the oil sector.

"The immediate problems at Shell Haven could be considered calmly in this framework instead of setting back industrial relations in Shell with repercussions only two to three hours' notice of the intended job cuts. A fine industry," said Mr. Lyons.

Mr. Roger Lyons, national officer for the Association of Scientific, Technical and Managerial Staffs, said yesterday that local union officials were given only two to three hours' notice of the intended job cuts. A fine industry," said Mr. Lyons.

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ance notes to the White Paper, Winning the Battle Against Inflation, must be external.

The staff side of the National Joint Council for the Supervisors, representing members of NALGO, the Transport Salaried Staffs' Association and the Transport and General Workers' Union, decided yesterday to make a Schedule 11 claim in an attempt to bring wage levels up to comparable levels.

The supervisors' action, which centres on banning supervision of the water control system which helps to prevent flooding in low-lying areas on the inland waterways system.

Water levels in canals at key points throughout the country have been lowered, and some smaller industries which take water from the canals and have no other water sources are being hit by the restricted levels.

Post union to study Ford pay increase

By Our Labour Staff

THE UNION of Post Office Workers, which has tabled a 24.4 per cent pay claim, is to study the Ford supplemental payment and the British Rail productivity scheme in drawing up its own productivity proposals.

The Ford scheme, which was instrumental in raising the offer to its 87,000 manual workers to 17 per cent, was worth about five per cent and the rail workers' scheme 2.5 per cent.

Feelings on productivity ran high at the union's special conference on pay which closed yesterday at Bournemouth. Delegates were angry that industrial productivity deals were "bogus."

Mr. Jim Stevens, Cardiff Uniform Branch, referred in a speech to the conference to a television programme in which Mr. John Miller, national secretary of the Transport and General Workers' Union, "gleefully told of how he had got increases for his members without one ounce of extra productivity."

Mr. Tom Jackson, general secretary and a leading supporter of Government pay policy, told the conference that many industrial productivity schemes were "pure fiction." He said many deals would not get Government approval if their details were known.

But when he was urged that details of any forthcoming union productivity scheme should be put out to a membership ballot, he said: "If you pass us too closely, it may not be possible to get as good a deal as we might be able to otherwise."

Postmen are currently paid about 40 per cent of proven manpower savings mainly from the Mails Operating Scheme. This year it gave postmen a jump sum payment of £35.50.

Delegates supported a motion against their executive's advice, that any productivity scheme should give them 100 per cent of savings achieved.

Behind the decision lies deep resentment that letter and telephone traffic have markedly increased without extra payment, and that under a separate productivity scheme, Post Office senior staff have received up to £500 based on what union members see as their extra work. Union members will get only £100 from the scheme.

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Electronics Industry Surveys 1979

The Financial Times is planning to publish a number of Surveys in 1979 on the Electronics Industry. The titles and proposed publication dates of those planned are listed below. Other titles may be added during the course of the year.

| | |
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| March 29 | MICROELECTRONICS |
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Manifesto delays

BY RICHARD EVANS, LOBBY EDITOR

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Mr. Anthony Wedgwood Benn is not included in the Cabinet team but will be one of 11 NEC representatives. He is the minister most anxious to lift the inhibiting weight of Cabinet responsibility from NEC members who are also in Government.

Mr. Benn will chair a meeting tonight of Labour's Home Policy Committee to consider the 62-page draft that Leftwingers intend to press for inclusion in Labour's next manifesto.

Other ministers who will attend are Mr. Denis Healey, Mr. Peter Shore, Mrs. Shirley Williams, Mr. Roy Mason, Mr. Eric

December 12 1986

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The Financial Times



Remember:
he who receives Chivas this Christmas
will expect Chivas every Christmas.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The Australian who gave up £1m and put his reputation on the line

By Michael Dixon

"CAN IT be true?" I asked 46-year-old Bill Wyllie, "that your take home pay as a manager here this year, excluding any dividends or other work, will approach £400,000?"

He frowned, drew out his calculator, and punched some buttons. Then he looked up, not quite deadpan, and said: "Closer to £500,000, actually."

So in after-tax terms, the Australian-born chief executive of the Hutchison Whampoa conglomerate in Hong Kong must be one of the world's best paid professional managers. That achievement is helped, of course, by Hong Kong's singularly free-market society and 16.5 per cent maximum personal tax. But nothing can surely deny, he says, Mr. Wyllie's claim to be one of history's top practitioners of the nerve-racking craft of turning round failing companies.

Expand

His start as a rescuer came in 1964 with the Ford-dealership of Robert Harper, then in dire straits even before the economic troubles which culminated in Hong Kong's political riots of 1967. Nevertheless, Bill Wyllie brought Harper's out of the gloom. He added dealerships for BMW, Mitsubishi and Alfa Romeo, extended car servicing, created an insurance branch, and made a ground-floor entry into the Hong Kong property market which was soon to expand in all directions.

As the decade turned, the new Harper International was merged with considerably richer Wyllie in charge, into Sime Darby's partly owned subsidiary, China Engineers. "But important people there didn't know Hong Kong," recalled the man some folk now call Dollar Bill, "and they ran us into losses of something like £8m a year. I didn't want to be part of that collapsing show, thank you. But before I could leave at the end of 1974, James Bywater had become Sime Darby chairman, and he asked would I go in and see to China Engineers. I went in."

One consequence was that 700 other people went out, along with sundry losing ventures. Another was that by mid-1975 China Engineers was "running sweetly clean towards £3m profit," and keen for expansion.

So the Wyllie ears were receptive to sudden whispers of trouble in the bewilderingly diversified trading corporation, or "hong," of Hutchison International, headed by former

China resistance fighter, Colonel Sir Douglas Clague. No one had earned Hong Kong's title of "taipan," or big boss, more than Sir Douglas. Under his postwar leadership, HIL achieved a 900-fold increase in paid-up capital. But now the £45m Hutchison group was urgently seeking £16m cash from the Hong Kong and Shanghai Bank.

"Sensing a carve-up, the vultures gathered at the bank,"

Engineers was to take effect at the end of 1975. He had gold-plated the option by his own efforts. But if, as the bank insisted, he joined the "hong" before the year end, he would forfeit the share gain which was worth more than £1m.

Moreover, there would be no chance of a similar option under the bank's arrangements with Hutchison, where Sir Douglas was to remain for a somewhat

panies. A tape-recording preserves their buzz of polite conversation, interrupted by an Australian voice crackling: "Seuse me."

Wyllie did not mince words. The growth of the "loose, inadequately managed, incontinent" group had outstripped the management's ability to control it. The 1974-75 report, Hutchison, where Sir Douglas was to remain for a somewhat



Bill Wyllie: unshakably bullish about the Hong Kong market

said Bill Wyllie. "And I, on behalf of China Engineers, was one of them. When the bank asked me to lunch some weeks later, I thought some choice pickings of HIL must be on the menu. But the bank had a different idea."

The bank, having the right to appoint a new chief executive, wanted Mr. Wyllie to move to Hutchison and sort out its troubles, which were considerable. "For a start, there was a negative cash flow forecast of nearly £27m. As for liabilities, nobody really knew their extent, because of law actions for undisclosed sums over wide-open guarantees for the supply of heavy plant to a subsidiary called Alltrak. The plant was for the Indonesian logging industry, which had gone dead, and the tractors and things piled up in Alltrak's stockyards had become a major tourist attraction."

There was another problem, too. The share-option granted to Bill Wyllie by China

fraught period as non-executive chairman.

"Although money isn't my motive," Mr. Wyllie explained, "it's certainly my yardstick, and at the end of the day one has to look after the family. True, I'd been offered 2.5 per cent of consolidated net profits, but nobody could be sure whether any were possible. Weigh that against £1m already in the bag. I had to decide what was the responsible thing to do."

So he sacrificed the £1m and in November moved into the plush penthouse suite 23 storeys up HIL's new central building. "It was like a colonial turf club, and when I walked in, I thought: 'If this is top management, I like it. But when I saw what the penthouse suite was costing, it had to go.'"

It stayed long enough, however, for the new chief to do his initial review before holding a cocktail party there for the managers of the group's 360 wholly and partly owned com-

recorded two years previously, 93 per cent of it was from sales of investments. Different subsidiaries had even been buying and selling the same stock at the same time. Although HIL had tremendous potential, it must now break down its "casino image."

Trading in shares of group companies was forbidden. Each subsidiary must henceforth submit detailed monthly reports of its operations, to reach headquarters by the 15th of the next month. From an association of wheeler-dealers, HIL was to be instantly converted into a

"pleasant surprise" — apart from some immediately looming. For there was no longer room for mediocre managers, and any of the party-goers who left their ears burning would do themselves a favour if they left before they were sacked. Either way, many departed, including more than 30 at

senior rank. This reinforced the Wyllie image as a hatchet man — which may explain frequent photographs in the Hong Kong Press of long-serving employees in various subsidiary corners, being decorated by their grateful group chief executive.

More than 40 per cent of the 360 subsidiaries have gone, too, especially the minority holdings. Of the remaining 200, others will also disappear once they lose value as tax losses, which in Hong Kong can be carried forward indefinitely. Faced with the alternative of an all-or-nothing lawyers' bonanza, Alltrak's suppliers have settled their claims fairly reasonably.

New companies have been added. The most prominent is the Whampoa Dock concern, which has strengthened the new Hutchison Whampoa's group's container interests, and boosted its property development by contributing large land-holdings.

Emphasis has been placed on expansion abroad, not least through the First Flinsbury Trust, now wholly owned by HIL UK, in London. But Bill Wyllie accepts that with 95 per cent of group earnings and assets in Hong Kong, the bulk of its business will stay there.

While suspecting that local labour shortages and the rising cost of imported building materials will drive up inflation to 7.1 per cent next year, he is "unshakably bullish" about prospects in his home market. Communist China no longer strikes him as a threat, now that it is investing in its doorstep bastion of capitalism at rates which entitle its present leaders to recognition as the biggest taipans of all. However, by the time the "lease-never recognised by Red China, anyway" — on much of the New Territories north of Hong Kong Island ends in 1997, Hutchison will have written off even its land investments in the affected region.

Rolls-Royce

The latest interim group attributable profit, at about £14.4m, showed a 60 per cent rise over that of the first half of 1977, and the chief executive's shares of the consolidated net gain is mainly responsible for his near-£500,000 take-home pay. But if Mr. Wyllie is run down by a tram — "Make it a Rolls-Royce, please," he protested, "possibly in a Mr. John Richardson, the 35-year-old corporate planning director."

So, with his third company rescue effectively completed, what comes next for the chief executive? Will he go and try a fourth turn-around job somewhere, perhaps, where the hatchet cannot be wielded so freely?

"Never again," he snapped. "There's too much cost in family and personal terms."

Instead, he plans to stay at Hutchison Whampoa and show that he can build a company as well, altering his management style from the authoritarian to the democratic so as to let his turn-around team also leave their controlling with a bit of creation.

To be honest, his planned change of roles would not be given much prospect of success by professional students of managerial psychology. The metaphorical "has been" has been attempted, and bungled, many times before. And since he is now beginning to feel that his wife and four children are already "fairly well set up for the future," the psychologists might also suspect a weakening of motivation. After all, he has lately decided not to let his 14- to 15-hour days run on into the weekends any more.

Telegram boy

On the other hand, the managerial theorists probably would not have given him any chance of success in the first place. He has none of the professional manager's prescribed background of high-level education followed by business school. He took a year off lessons when he was 12 to work as a tigger. True, before he trained as an engineer in Australia he entrepreneurially doubled his income by adding newspaper deliveries to his paid duties as a telegram boy. But from 1931, when he emigrated to Singapore, until his arrival at Harper's 13 years later, he did nothing to distinguish himself as a manager, although he won about 300 motor races.

Nor, in assessing his motivation, would it be wise to overlook a possibly positive point. Various of his critics, including Sir Douglas Clague, have said that given Hong Kong's rapid economic recovery — with estimated growth of 16 per cent in each of the past two years — Hutchison's revival would have happened without Bill Wyllie. His answer, that lacking his drastic surgery the group would have been too gross to take proper advantage of the up-turn, is delivered gently. But it may be that, under the calm, he feels that his critics have given him something more to prove.

How entrepreneurs fare in the Third World

NICHOLAS LESLIE REPORTS FROM NEW DELHI

DEVELOPED AND developing countries may share the fashion-able credo that "entrepreneurship" is a prime generator of economic growth, but their attitudes towards it can be radically different.

Nowhere has this contrast been more evident than in New Delhi during the past week, where 1,000 managers and officials from all over the globe have been attending the 18th Congress on world management organised by CIOS (the International Council for Scientific Management).

Take two relatively extreme examples cited at the conference: South Korea and France. South Korea has an unusually laissez-faire approach to private enterprise, to the extent that the Government has been placing an increasing number of State-owned enterprises in private hands. In France, on the other hand, the Government controls about 40 per cent of national production, and — in spite of the current fashion for small business — entrepreneurs are hemmed in by all sorts of regulations.

Dr. Duk-Choon Kim, President of the Daewoo Industrial Company and of Korea Capital Corporation, presented a picture of a country where entrepreneurship, encouraged to flourish, could achieve dramatic results. His own company had been started in 1967 by seven people with a combined capital of £18,000. First-year sales were £580,000.

A bare 11 years later, the 1978 sales figure was expected to exceed £2bn, of which exports would represent about a half.

In France, by contrast, the wide range of regulations "leaves us in the middle of a caucous," according to Paul Appel, a former industrialist

and now president of the French management association. The somewhat ambivalent attitude of French business to the entrepreneur was illustrated by M. Appel's own remark that, in spite of the problem of excessive regulations, he did not feel that the outside world should adjust its attitudes for entrepreneurs in particular.

M. Appel also had a warning for Dr. Kim. After a period when you had been allowed to run companies in the Korean manner, he said, people began to feel it was too easy to make money. It was then that regulations began to creep in. He warned of the situation — all too common in Europe — where "people take it for granted that the type of person who wants to be an entrepreneur will be so under any conditions. That is not so."

Dr. Kim himself admitted that for a variety of cultural, political and other reasons, Korea's experience could not be emulated in some other developing countries, such as India. The danger of importing one country's management ideas to another with insufficient adaptation to the indigenous cultural, political — and physical — background was repeatedly stressed by delegates to the Congress.

Far-fetched

On the particularly sensitive issue of the import of western methods to developing countries, the point was succinctly put by Dr. Bharat Ram, president of CIOS and chairman and managing director of Delhi Cloth and General Mills, a major Indian company. It had somehow been assumed in the developing countries that the rich nations had an answer

to every problem, he suggested. In other words, the developing countries "imagine that all they have to do is to imitate the rich nations and they will become rich themselves. To me this has begun to appear a little far-fetched."

One of the most fundamental problems was that most developing countries were characterised by a "dual economy" where two patterns of life existed, with the poorest member of one commanding an income several times as large as the hardest working member of the other.

Mr. Bharat Ram did not believe large projects necessarily made much of a dent in the poverty of developing countries. "A more diffused entrepreneurial and managerial effort might be the answer. This would require the identification and training of a new kind of manager."

One particular angle on the role of the entrepreneur was taken up by another speaker and this was the exploitation of technology. Dr. Raymond Appleyard, Director-General of Scientific and Technical Information at the EEC, said that property used, technology could liberate people.

But such conversion of technology came only through innovation, where the entrepreneur played a crucial role. Entrepreneurs needed all the support that the public could give them, he maintained. "A specialised service which provided them with information, advice and funds — should be available to them. Adequate reward was also essential."

Dr. Appleyard said that sufficient entrepreneurs would only be found if a society was confident in itself and inculcated a sense of adventure in the young.

Perils of technology transfer

AN INSUFFICIENT appreciation of cultural differences is often the prime cause of problems on "technology transfer" projects in the Third World, according to several speakers at a conference in London.

Managers from the developed countries often imagined that the structure and practices of their companies could be identically transposed to the company which was receiving the technology. Delegates were told by Michel Dubois, Director of Euroquip, International consultancy.

In fact, he warned, it was necessary to adapt both equipment and methods to the industrial culture of the receiving company, to design a new organisation and establish new job definitions, and to implement a sound training programme that was both long and rigorous.

The role of trainer to be played by expatriate technicians was often badly understood, and

nothing was done properly to prepare them for their task, M. Dubois claimed. As a result, they arrived on site feeling that they had a cultural superiority to the client, and their attitude was often one of deep disdain towards the local personnel. In addition, they were poorly motivated to develop the trainees to their full potential.

Speaking at the same conference, organised by AMR International, Mr. Dodi Pryamboro, who is responsible for human resources development for Total Indonesia — a subsidiary of the French oil group — suggested three basic "ideas for action" on the part of the company which was supplying technology.

First, look at your present technology transfer operations and ask whether you analysed the human and managerial issues with the same professional, detailed attention as you did for technology and finance. Second, question whether you

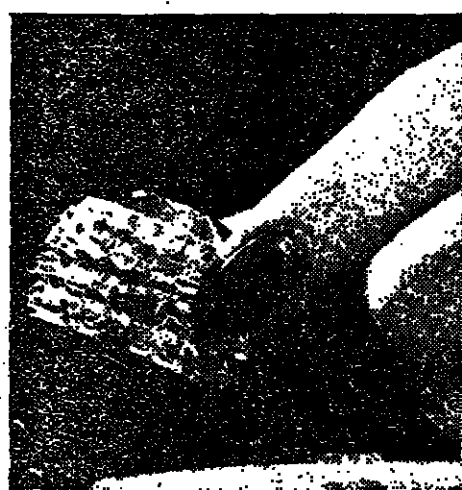
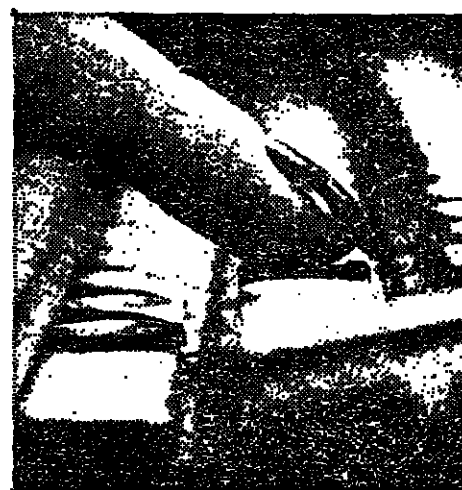
have the professional skills and experience within your organisation to manage human technology transfer. If not, ask how you will fill the gap.

Third, on your present projects are you working in 100 per cent co-operation and teamwork with the receiving company?

Rather than just the sale of a plant or process, ending when the hardware and software was sold, technology transfer was immensely complex, M. Dubois explained. Its three main factors were: the right to do (patents and licences); the means to do (equipment and machines); and the ability to do (behaviour, knowledge and skills of the people operating the investment).

AMR International, 6-10, Frederick Close, Stanhope Place, London W2 2HD. Tel: 01-262 2732. Telex 299180 AMPRINT. C.L.

How to recognise a top secretary.



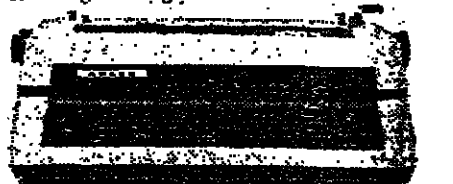
It's as simple as recognising a top typewriter — they both have much in common. "Efficient", "hardworking", "reliable" and "good appearance" are words that spring to mind.

Look at the SE1000 and you'll see exactly what we mean. The buffered keyboard is set at a less steep angle so that typing is less tiring on the hands.

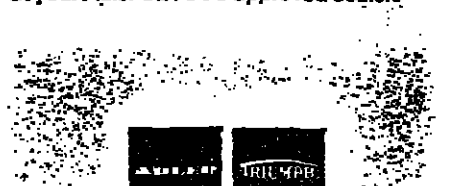
Concentration is helped by the fact that the SE1000 is remarkably quiet and almost vibration free.

All this makes for faster and better work, as does the inclusion of features such as a half-space facility and correction key. Changing a ribbon is fast and clean, thanks to the ribbon cassette system, and changing a typeface is just as simple with the wide range of elements that are available.

Reliability is one of Adler's biggest benefits, and since the SE1000 is made with fewer moving parts than other so-called prestige machines, there's obviously less to go wrong.



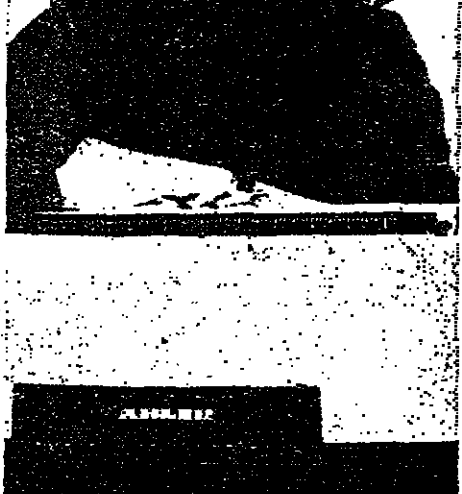
Finally the sleek good looks of the SE1000 match its performance. But that's something your secretary will soon recognise if you ask her to test-type it at your Adler SE1000 approved dealer.



To: Office & Electronic Machines Ltd., 140/154 Borough High Street, London SE1 1LH. Tel: 01-407 3131

Please send me full details on the SE1000 single element typewriter.

Name _____
Company _____
Address _____
Tel: _____



Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOTERS

METALWORKING

Strip thickness closely held

WORLD demand for greater precision in metal strip rolling, so that the end-product is free from stresses and wastage has developed one of its X-ray thickness gauges to the point where it can meet this demand.

This profile gauge, applicable during hot-rolling, will give an instantaneous reading of not only strip thickness variations across the width of the strip in process, but also the thickness of the equipment used in the rolling process. This information is stored and thickness variations along the centre-line only, and the Daystrom instrument is thought to be the first of its kind to provide transverse readings.

It is a non-contact system relying on the fact that a given metal absorbs X-rays according to its thickness.

But to achieve the results it provides, the new instrument has an X-ray source providing two total beams which are positioned over the hot strip to give a narrow curtain of X-rays running across the entire width of the strip.

Under this, an array of detectors measures the beam attenuation and, as the two beams are produced in anti-phase, it is possible to discriminate where the detectors overlap.

Electronic logic converts the signals from each channel with values stored during calibration of the equipment and from this produces a comparison exercise, a centre-metal strip thickness variation figure for the deviation of metal thickness at a defect point is derived.

This information is stored and used in its analogue beam to produce a bar histogram on a display.

Measurements can be taken at intervals between 50 millimetres and one second, according to the type of controls used on the rolling mill.

As well as this display output of strip profile, a hard-copy version is available and the whole unit can be linked into the total mill control system or into a spray controller.

Daystrom is at Shepherd Road, Gloucester GL2 5HF. 0452 415151.

Hardening steel parts

SAID TO be a new development, hot grid tray, in the industrial heat treatment field, is a furnace, now being marketed by Ipsen Industries for hardening large quantities of small and medium-size steel products.

Loaded work trays fitted on opening dumper/door mechanism, with measured quantities of parts, are pushed into the furnace along the two outer rows from the rear they move crosswise into one of the outer row positions for another cycle through the furnace. The furnace may normally be pulled out into the quench chamber, where the load is dump-quenched in the oil, water or salt by inverting the

New surface grinders

THREE two-column surface grinders have been added to the LGB range of grinders following the debut of the original Model LGB R1200.

They combine large component handling capability with high accuracy across the full table width and the range now comprises four machines with a grinding capacity of 16 ins to 35½ ins wide and 25 ins to 60 ins long.

On the smallest machine, the spindle is powered by a 3-hp motor and a 10 hp motor drives the largest machine.

Common features to all machines in the range include solid state controls and the control system can be built into one of the columns of the machine console. Options such as automatic cycle can be supplied as a single plug-in circuit board.

Machine Tool Agencies, Wednesbury Industrial Estate, Rothwell Road, Warwick CV2 6BQ.

DATA PROCESSING

ITT increases competition

LOW-COST basic model offered in ITT's network control system makes the power of the 380X range accessible to organisations that could not previously justify the use of such equipment.

ITT Business Systems has designed the 3805A for use as a front-end processor for IBM computers, with a 64K store. It supports from four to 16 lines, each up to 9,600 bps. It is able to communicate with a variety of teleprocessing devices, using synchronous line-control disciplines, and supports several terminals on leased lines and/or Post Office 7C-type modems.

The console unit installed with the 3805A is the ITT 3850 Data-printer with keyboard, and the SDA2 emulator enables the user to select from many terminal types. Site-initiated line switching is a standard feature.

When teleprocessing operations expand, the ITT 3805A can grow with them—keeping pace with user needs.

Meanwhile, ITT Business Systems (UK) reports that total value of orders received during 1978 are expected to reach £57m over 40 per cent up on last year's sales of £39.7m.

Mr. James Ford, chief executive, has disclosed that sales targets had been exceeded in several major product areas and that further expansion was planned for 1979.

Data terminal business during the year was well over forecast, and orders for the 3280 IBM plug-compatible visual display system exceeded £5.5m. With 3000 such units now installed in the UK, and the current numbers of ITT 3805 front-end processors in use, ITT claims to be the alternative to IBM in the UK market for data communications networks.

ITT Business Systems on 0273 507111.

Survey of services

THE COMPUTING services industry in 14 European country markets is analysed in a second annual survey just published by the European Computing Services Association.

It shows that there are now 3,500 suppliers producing over £4bn of revenues annually. Such services now exceed the total value of terminal shipments in Europe by a factor of four and are also equal to the value of general purpose computer shipments in Europe.

The report is an overview of the development of the markets in Europe including the top 30 companies, details such as turnover per employee, average contract values and personnel changes are published. There is also commentary on the impact of changes in technology and the availability of low-cost hardware is helping to expand the services industry.

More from the Computing Services Association, 5th Floor, Hanover House, 73 High Holborn, London WC1 6LE. (01-405 2171).

RESEARCH

Crystal bus indicator

AVAILABLE to bus fleet operators is on-board route number indication using nine-inch high liquid crystal materials, working in conjunction with a destination list.

Introduced by Evershed and Vignoles and designed in conjunction with Northern County Vehicle Builders, the system's first user is to be City of Nottingham Transport Department.

The numerical route display uses three seven-segment LCD characters which are back-illuminated to provide maximum contrast. They are set from the driver's cab using three thumb-wheel switches.

Destination is set by similar switches which provide a specific

COMMUNICATIONS

Easy phone logging

LIKE MOST information systems which make use of a computer, disc store and visual display unit, the latest telephone exchange monitoring and analysis machine, Telesystem 2, is much easier to use than earlier designs and is more powerful.

It is an on-line system in which a scanner connected to the PABX rapidly inspects all the lines in use and logs the time on the call and its type, storing and manipulating the data so that it can be thrown up on the screen in a number of ways.

By means of simple plain English "menus" displayed on the VDU the user can request the production of various traffic analysis and costing reports to be run under the multi-task of total control over data processing.

More from 39, Montrose Avenue, Slough, Berkshire (0753 70821).

HANDLING

Pallets wrapped in film

OF PARTICULAR interest to brewers, bottlers, canners, chemical and fertiliser manufacturers is a fully automatic stretched film wrapping machine which can wrap pallet loads of say, cans, in about two minutes.

Offered by Timperley Engineering, the machine allows the pallet with its stack of cans to remain stationary; the wrapping head ensures constant tension throughout round the pallet on a circular overhead track, the spool moving up and down on a vertical column.

The machine thus applies a spiral cross bias wrap with the 20 inch wide plastic cling film. It can wrap pallets up to 1.83 metres high with an overlap which can be varied from 20 to 100 per cent.

Film is automatically positioned on the pallet at the start of each wrapping cycle and on completion is cut and the film tail smoothed on to the wrapped load. An electromagnetic brake ensures constant tension throughout each wrap and automatic shut down occurs if the film breaks.

Park Road, Timperley, M19 1UH, Cheshire (061-673 4221).

MATERIALS

Surfaces are made waterproof

SPECIALLY for application to damp or dry surfaces, and withstanding strong solar radiation in tropical climates, are two brush-applied bitumen emulsion waterproofers which have been introduced in the Middle East by Unibond, Tuscan Way, Industrial Estate, Camberley, Surrey, GU15 3DD (0276 63135).

Formulated for masonry surfaces, asphalt, concrete, corrugated iron, asbestos cement, lead, zinc and roofing felt, it is bitumen waterproof 50. This is said to seal hairline cracks and other minor imperfections, and dries to form a black, flexible coating.

The waterproofing of internal surfaces of pools and potable water tanks should be undertaken with the bitumen waterproof 400, says the company, which is a heavy-duty asbestos and mineral-filled compound, developed to withstand long term immersion in water.

Tough coat takes hard punishment

GALVAGUARD is a one-coat paint for application to galvanised metal straight from the galvanising bath. Available in aluminium, red oxide, yellow, grey and blue, it deposits a dry film thickness of 50 microns.

The coating withstands a continuous mist of synthetic seawater for 1,500 hours, as well as a condensatory environment at

48 degrees C for 3,000 hours. Surface bloom forms but protection is not affected.

The coating also withstands simulated weathering conditions for 1,000 hours.

Allweather Evode Paints, 26, Great Queen Street, London, WC2B 5AP 01-405 2169.

INSTRUMENTS

Film holds a mass of detail

SUITABLE FOR the storage of immense amounts of information in a compact form where speed of retrieval is not all-important, or where the stored information has to be processed further before it can be used is a laser film (35 mm) recorder now undergoing extensive field trials for the Plessey company.

It captures the information by converting electrical input signals into intensity modulations of a laser beam focused down to a fine point. This is scanned at high speed across the moving film which is of high resolution and records fine detail. Five parallel beams scan simultaneously to provide information from the same number of channels.

Exposed film is developed and fixed automatically and the recorded information can be played back by scanning data tracks with an unmodulated laser beam.

Focused on a photo-detector, the beam will feed back the recorded details in the form of an electrical signal which is digitised and fed to a computer for analysis.

Each channel records data at 7 Megahertz and a 1,000 ft reel of film provides a continuous recording equivalent to a total of about one-third of a million

Megabits.

Allen Clark Research Centre, Caswell, Towcester, Northants, NN12 8EQ. 0327 50681.

Gauges at production line speed

TUBE WALL or flat material thickness can be measured up to 40 mm while the product is passing at line speeds, using an ultrasonic gauge introduced by Wells-Krantz.

It can be set for contact or immersion scanning; in the latter case the material under test is immersed in a fluid which forms an effective and continuous ultrasonic coupling between workpiece and probe—the gap between the two can vary by up to 10 mm without affecting readings. With no contact, there is no probe wear.

The instrument, HSC105 has two measuring ranges: 0.25 to 4.00 mm and 0.25 to 40.00 mm; accuracies are plus or minus 0.003 and 0.01 mm respectively.

Using thumbwheel switches the user can set thickness/alarm limits so that if the measured value falls outside them the process can be stopped or other action taken. Gross excursion limits can also be set so that, for example, gaps in the line do not sound alarms.

The instrument has a frequency range of 1 MHz to 15 MHz to suit a variety of cable-connected transducers, and uses a pulse repetition rate of two to five kilohertz. Analogue (10 volts), binary coded decimal, and relay contact outputs are provided.

The unit will fit international 19 inch rack and is 117 mm high by 435 mm deep; weight is 15 kg.

Blackhorse Road, Letchworth, Hertfordshire SG6 1HF (04626 2644).

The unit has alarm and trip facilities, a 24-hour clock, built-in printer and a high resolution analogue to digital converter. Resolutions are one microvolt and one degree C.

Colonial Way, Watford, Hertfordshire WD2 4TT (Watford 40511).

LAING

for tomorrow's
BUILDING, CIVIL
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ENGINEERING

AUTOMATION

Collecting many facts

THE ACQUISITION of data from resistance thermometers, thermocouples, voltage and current transmitter sources is a straightforward proposition with the 2200B data logger from Fluke International, mainly due to the simplicity of programming.

A single row of thumbswitches is used to enter all the requirements concerning scan intervals, function, limits, channel numbers and time of day.

Basic device is equipped for ten channels of low level scanning. Expansion up to 60 channels merely requires more scanner cards; a chassis extender allows up to 100 channels to be accommodated.

The first ten channels can be individually programmed, subsequent ones in blocks of ten up to 60 or 100.

GROWTH

Six ways we can help you to expand

1 Overdrafts When you need more space, machinery, people or cash for stock, you may ask for a bigger overdraft. We are eager to help wherever we can and will give you a quick decision.

2 Term loans A bigger overdraft often is not as good a way to finance new equipment or premises as a loan over a longer period related to the life of what you're buying. We may be able to spread a loan so that what you've bought can look after the paying back.

3 Leasing Borrowing money to buy equipment outright is not always the answer. You may be better off leasing. We'll help you understand why.

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At the sign of the Black Horse

FINANCIAL TIMES SURVEY

Tuesday December 12 1978

Future
policy
in
doubtBy William Dullforce
Nordic Correspondent

"SWEDEN HAS long-term economic problems. These problems are not caused by the business cycle, nor by high currency, nor labour cost levels. The root of these problems is that portions of the industries on which Sweden has depended for its exports in the past are no longer competitive in world markets."

"The only solution is an increase in output in other export sectors... the mechanical and electrical engineering, transport equipment, chemical and pharmaceutical industries have compensated for declines in textiles and pulp exports in the past; in the future this will not be so easy."

This sobering assessment of the context in which Swedish engineering is now operating comes from the Boston Consulting Group, which was commissioned by a group of engineering companies, banks and the Ministry of Industry to examine Swedish industry with a business consultant's eye.

An initial report, published in October, has become a much-debated and controversial document, not least because it advocated the formation of a national industrial policy "developed" and implemented through the co-operated efforts of government, management and unions.

Perhaps because it offered a foreigner's viewpoint, the Boston Group report has aroused most emotion—but it has been only one event this year in a long series of nation-wide seminars, debates, lectures and pamphlets, which have focused on Sweden's industrial situation.

More studies are in the pipeline, including one by a "dele-

gation" set up by the former Prime Minister, Mr. Thorbjörn Fälldin, to recommend ways of "renewing" industry, and one into Sweden's technological competence by the Royal Academy of Engineering.

The Swedes are perturbed and are marshalling an impressive array of experts to try to chart the future direction of their industrial effort.

Answers are being sought to two fundamental questions: On which industries and products shall Sweden concentrate in the future? And which strategy should the government adopt to promote the growth of industry and its ability to compete on international markets?

Nor are the Swedes being deflected from these questions by the marked improvement in industrial exports, which has helped to move the trade balance from a deficit of SKr 4.6bn (\$1.05bn) last year into an anticipated surplus of over SKr 5bn.

Within the engineering industry, the background to a national debate is a fall in over-allocated output for three years running, a decrease in productivity averaging almost 1 per cent a year during the 1975-78 period, a decline in profits since 1973 and a collapse in annual investment to 60 per cent of the 1975 level.

This poor performance has been due to the international recession, which reduced export demand; to the 42 per cent increase in industry's payroll costs in 1975 and 1976, which left Swedish manufacturing costs

It is generally accepted that a major restructuring of Swedish engineering needs to be undertaken but there is much debate on the form it should take. The industry is opposed to greater Government intervention and wants more freedom to manoeuvre.

well above those of competitors—and to the failure of the State subsidised policy of producing for stock in order to maintain employment and bridge the recession.

The situation has changed for the better this year after the devaluation of the krona in August, 1977, a far more moderate wage development and a reduction in the annual rate of inflation to 7.8 per cent.

Incoming orders from the export markets have been rising since the third quarter of 1977. Engineering exports are expected to grow by 8.9 per cent in volume this year, although domestic demand is still very low as a result of the poor investment climate and the decline in private consumption in 1977 and 1978.

Uncertain

Nevertheless, morale is not too high among the engineering company executives. When the Stockholm business weekly, *Veckans Affärer*, last month asked managers why they were not recruiting labour and investing to meet the expansion heralded by the upswing in orders, it discovered a very uncertain attitude.

"We have had our fingers burnt too often... we are not going to buy a costume which will be too big for the next recession," were typical comments.

"Is Sweden missing the upswing?" asked *Veckans Affärer*.

Part of the problem at least can be found in the annual survey of its members' profit performance by the Swedish Engineering Employers' Association.

Engineering companies profitability in 1977 was the lowest in the 13 years that the association has been compiling the statistics. The average pre-tax profit was only 3.2 per cent of turnover compared with the 9 per cent recorded in 1973-74 and the 7 per cent average for 1968-1972.

The return on equity, which averaged 9.8 per cent in 1968-72 and 13.4 per cent in 1973-75, fell to 5.1 per cent last year.

Of the 272 companies covered by the association's survey, no less than 111 made a pre-tax loss in 1977. The distribution of the loss-makers among the size categories is interesting. No less than 51 per cent of the companies employing 151 to 500 employees operated "in the red" compared with only 13.8 per cent of those with more than 500 employees; 38 per cent of the companies in the 75-150 employee bracket turned in losses.

Expressed in another form, more than 18 per cent of the employees in the engineering industry worked for companies which ran at a loss last year.

With their factories still operating below capacity, especially those in the mechanical engineering branch, it is fairly obvious that many managers want to see profits improving for a year or two

before they will start investing. But there are other factors contributing to the mood of caution. Among these are the possibility that inflation may take off again next year, boosted by a budget deficit of around SKr 40bn.

This in turn, it is feared, could spark off the wage drift, which the engineering employers have managed to contain this year, and exacerbate the 7 per cent rise in nominal wages and 1.6 per cent increase in social charges, to which the companies are already committed in 1979.

One can add to the list of inhibiting factors the uncertainty about international currency developments, the increasing protectionism on foreign markets and the doubts surrounding national energy policies, which have not been clarified by the collapse in October of the non-socialist coalition government because of the conflict over nuclear power. A further political factor is the likelihood that the Social Democrats will return to office after the general election next September.

Although their leader, Mr. Olof Palme, has postponed a decision on the collectively-organised profit-sharing funds desired by the trade unions—which would eventually obtain a majority of the larger companies' share capital—the funds still loom large on Swedish businessmen's horizons. The mood can change, if the

growth in export orders is sustained through 1979 and domestic demand also responds to the stimulation the minority Liberal government and parliament are about to agree on.

Already Volvo, the country's biggest concern, has reported a 64 per cent improvement in pre-tax earnings at the nine-month stage and is setting production targets for its cars and trucks which are higher than ever before.

Strategy

But Volvo also illustrates the other facet of the Swedish industrial puzzle, the long-term strategy. After seven months of complex negotiations, it was agreed on December 8 that Norway will pay SKr 950m (£110m) instead of the SKr 750m originally agreed— for a 40 per cent share of Volvo. The supplementary SKr 200m will be paid to the new Swedish holding company, free of tax, as "compensation" for the reorganisation of the company and Volvo's planned investment in Norway.

At the national level there is general agreement that the plight of the shipyards, the contraction of the steel industry, the fierce competition from new foreign manufacturers to the special steel companies and to series production in engineering generally demand some re-directing of Sweden's industrial effort.

The Boston Consulting Group provocatively included forest

products among the declining Swedish branches, in which investment should be concentrated on finding "defensible segments around which to consolidate for the future."

It selected 25 companies in the engineering, chemical and pharmaceutical fields as growth points on which offensive investment should be concentrated. These companies account for over 75 per cent of Swedish exports in their branches and over 55 per cent of employment, not counting their subcontractors. More than half the companies are engaged in engineering.

But, as the Boston Consulting Group pointed out, Sweden has not gained market shares in these branches in over seven years. Moreover, in the stagnant investment situation prevailing over the last decade, an increasing proportion of total investment has actually been going to the declining sectors, a development underlined by the massive state support for shipyards.

Sweden's investment pattern has been defensive, reacting to crises rather than planning for the long term.

At the national level, management of the business cycle was no longer sufficient to ensure the growth of living standards and an industrial policy had to be developed to promote "the structural evolution of the manufacturing sector."

Such a policy should be implemented through "the co-operation of management and labour."

tive efforts of government, management and unions," the Boston Consulting Group said in a conclusion which did not at all please the majority of its Swedish sponsors.

Mr. Ira Magaziner, the leader of the Boston Consulting Group, has defended his team's conclusion by pointing out that the Swedish Government has played a smaller role than many governments in its major trading partners in deciding the pattern of industrial investment.

If it is to be "a positive force for structural change," the main goals of industrial policy had to be agreed by company managements, union leaders and government. This had already been appreciated in other countries with a mixed economy.

Moreover, Sweden's industrial policy should be more selective and based on a deeper insight into international business conditions and the competitive needs of different branches of industry.

Mr. Gösta Bohman, the economy minister in the last cabinet, puts the opposing view to this call for a more selective, state industrial policy: "Where are the supermen who shall decide which products and which techniques will guarantee our future welfare?"

"It would be better for the planners and politicians to keep their hands as far away as possible from the extra-ordinarily complicated game on which the international market economy is based."

But Mr. Nils Lundkvist, managing director of the Mechanical Engineering Employers' Association, believes that the State can play a role by seeing that the education system is better adapted to the needs of industry and by placing orders for products with a "high technological content."

This is a throwback to Swedish industrial history because several of the existing major companies developed their technology to meet the demands of State organisations.

The most obvious examples are ASEA, the heavy electrical equipment group, which created its high-tension transmissions and nuclear power techniques in co-operation with the State Power Board, L. M. Ericsson, the telecommunications group, and Saab-Scania's aircraft production, which is now threatened by the Government's hesitation to order a new

CONTINUED ON NEXT PAGE

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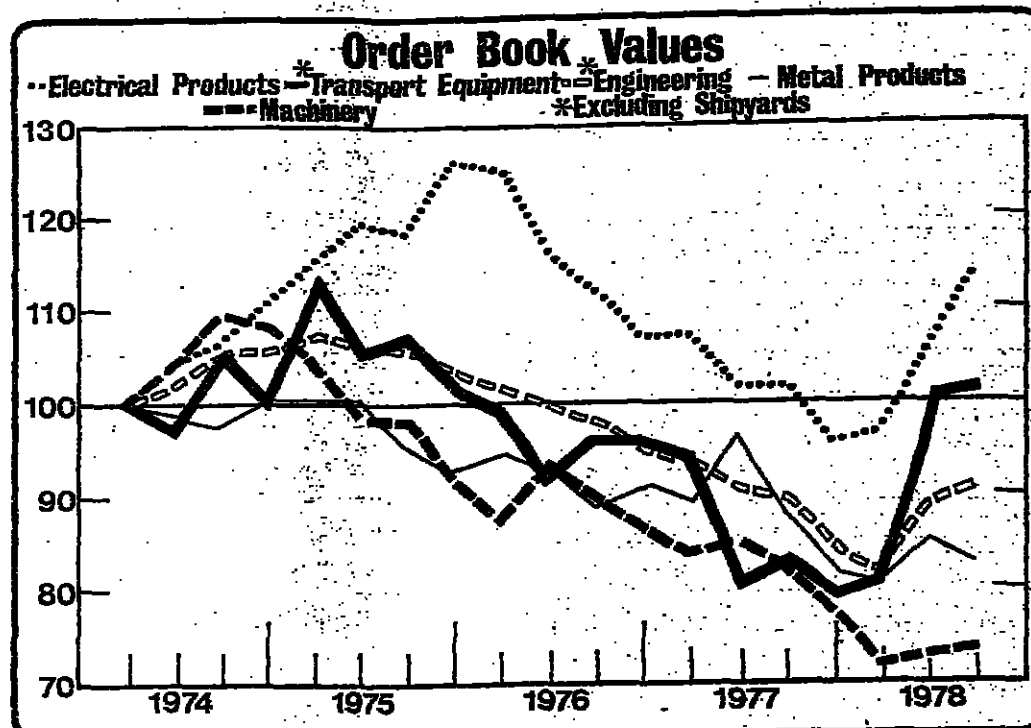
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SWEDISH ENGINEERING II

Tough times at the shipyards



THE SWEDISH shipbuilding industry, still reeling from the world recession, is trying to find a formula for survival. The approach is typically resourceful but painful, too: cut back capacity at the yards while making full use of Swedish engineering skills to diversify production.

The Swedes find it difficult to forget that they recently ranked second only to Japan in shipbuilding's first division, and the diversification strategy has come only after agonising self-appraisal.

There was, by all accounts, little choice. The yards found it impossible to fill their books with orders for standard vessels and world shipping developments hardly inspired confidence in the future.

The tanker market continues to be weak and the dry cargo market is still feeling the effects of the recession in the steel industry and the decline in iron ore and coal transportation.

The Government, which has had to make regular injections of capital into the industry, is clearly reluctant to continue doing this indefinitely. In a wide-ranging set of legislative proposals presented last month, the Government suggested that capacity should be cut back by an average of 20 per cent by the end of 1980.

Redundancies

Some 4,000 jobs will go, mainly through voluntary redundancies and early retirement. The Government has also pledged to retrain the workers involved.

The Government has confirmed the shutting down in 1979 of the Eriksberg yard in Gothenburg which had a turnover of SKr 1.2bn and it announced that the privately-owned Kockums yard had agreed to cut back capacity. The Government has now completed the final stages of its take-over negotiations with Kockums.

State involvement in the

yards has grown relentlessly that the LNG carriers could be an important step towards recovery.

But one of the main effects of the recession on the yards has been to stretch Sweden's engineering ingenuity—especially in using existing yard facilities to carry out non-shipping projects. A Svenska Varv subsidiary, Swedish Development Corporation, has reached the pre-contract stage with the Pakistan Fertiliser Corporation for the construction of an Ammonia-Urea plant to be sited in Beluchistan province in Pakistan.

The deal, backed by the United Arab Emirates among others, will be worth some \$300m to the Swedish yards. This should create 1,500 jobs over two years, and seems to set the tone for other non-shipping construction projects.

It employs a relatively new technique—evolved by the Swedish Development Corporation and the Danish engineering company, Haldor Topsøe—of prefabricating units in Sweden and towing them on barges to the plant site and beaching them there.

The same process has been mooted for natural gas liquefaction plants and general petrochemical complexes in the Middle East.

This turnkey philosophy is understood to be particularly attractive to Middle East clients because it solves the problem of poor processing or refining facilities in remote prospecting areas where the infrastructure simply does not exist.

This lack of infrastructure has led to substantial delays while the petrochemical complex is built on land. Prefabrication in a developed country like Sweden, according to Svenska Varv, makes it possible to shorten significantly delivery times, since the plant site can be prepared while the plant itself is constructed in the efficient surroundings of a shipyard.

Swedish shipbuilders are also hoping to profit from developments in the offshore industry. Two "floats"—floating hotels built on a self-propelled structure—are on order at the Arendal yard for Consafe Offshore of Gothenburg.

The floats (worth about SKr 150m each to Svenska Varv) are designed to house workers for the North Sea oil fields. A third float has already been delivered to Consafe by another Gothenburg yard. The Arendal yard is now

building a floating dock for the Soviet import agency, Sudimport, which is due to be delivered in 1979 and will probably be used in the Murmansk area.

Neither the floats nor the dock call for extremely advanced engineering skills and shipping executives fear that it is this area of non-shipping construction which is most vulnerable to foreign competition.

However, the re-organisation of the State-operated Swedish yards in 1977 appears to have given Svenska Varv a useful organisational base for exploiting to the full a programme of non-shipping work.

Calor Celsius, one of the four main non-shipping industrial subsidiaries of Svenska Varv carries out considerable piping and industrial electrical installation work as well as for institutional buildings and the private housing sector.

The subsidiary also installs processing facilities for the petrochemical industry and ultimately gives Svenska Varv the flexibility it needs to initiate the profitable pre-fabricated plant construction projects.

Another industrial subsidiary, Goetaverken Angteknik is also a valuable asset, supplying cellulose recovery plants to Brazil and to the domestic market.

Of the two other industrial offshoots, Goetaverken Motor is one of the largest marine diesel manufacturers in the world and Goetaverken Aluminium is an important supplier of metal-facing components to the Swedish building industry.

Kockums, too, has diversified considerably in the engineering field. Its subsidiaries now embrace the computer and energy fields while two of its research and development companies have interests in bio-chemicals and agriculture.

Yet, while the organisational apparatus is all there—"ready for take-off," commented one unusually optimistic shipping executive—the lustre seems to be in the promise—rather than in the performance.

Kockums LNG carriers, hold out distinctly happy possibilities and Svenska Varv's prefabricated plants could have great potential, too.

But in the short-term, the grim reality for Swedish yards is one of cut-backs and retrenchment, unemployment and a continuing drain on State resources.

Roger Boyes

Policy

CONTINUED FROM PREVIOUS PAGE

aircraft for the air force. Mr. Lundkvist's suggestion underlines the importance of the home market for product development, but the Boston Consulting Group stressed the powerful new pressures put on Swedish engineering by the fierceness of the competition on world markets, where the growth in demand has slowed down.

Already, half of Sweden's output of engineering products goes to export but in the "knowledge" branches, to which expansion must be concentrated, the import content of production will be higher. The Boston Group's point was that not enough had been done to require.

For this reason the Boston

Consulting Group highlighted the increase in the pace and level of spending on technology needed, the development of systems sales called for by many foreign markets, which in turn require more government-to-government, selling, more whole-plant projects and better credit finance.

Co-operation

This message was by no means new to Swedish industry which has been moving towards closer co-operation among companies and emphasising its ability to put together teams to cope with turn-key projects. The Boston Group's point was that not enough had been done to require.

position on the restructuring which it is agreed must be undertaken is that it needs not greater Government intervention through selective action but an easing of the squeeze on its profits and business manoeuvrability.

The industry wants relief from heavy social security charges and the new employment laws, which are now restricting the labour mobility which once gave Swedish industry the flexibility to adapt and cope with crises. These are political matters which in the final analysis depend on the attitude of the trade unions. In this, at least, Sweden's engineering companies do not differ from their British colleagues.

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مكزاتن الأحصیل

Car makers diverge on policies

SWEDEN'S CAR manufacturers have distinctly separate personalities which fall into almost Freudian categories. Saab-Scania gives the impression of being essentially introverted, determined to put its car division on a profitable basis through solid engineering success. The product, runs the Saab philosophy, sells itself thus minimising the need for a sprawling marketing organisation.

Volvo, by contrast, appears to be an extroverted organisation. It recently diversified into the leisure industry, proposed a merger with Saab-Scania and negotiated a major deal with Norway for a 40 per cent stake in the company. Both companies have had to cope with a serious domestic sales decline in 1976-77 and both have had to go through a period of serious self-examination. How can small car manufacturers hope to survive in an increasingly competitive market? Volvo's answer is simple: grow larger and expand the capital base. Saab's answer is to stay small but co-operate with other companies where this is commercially feasible. Mr. Sten Wernro, head of the Saab cars division, has no doubt that even with an annual production of some 100,000 cars, his company can still remain competitive.

Foresight

"Our competitive strength rests on technical foresight, a high degree of innovation, rational production and flexible organisation. The key to success for a small car manufacturer is to develop cars for a particular export niche," Mr. Wernro said in a recent speech. In an interview with the Financial Times he did stress, however, that Saab realised the need to co-operate with other manufacturers on home markets in order to offer a wider range through the domestic sales set-up.

Business has improved for the two companies and this seems to have convinced them that their respective approaches to the problems involved are largely justified. Volvo's performance this year is running 10.6 per cent above 1977 figures and October sales were particularly good. This reflects the permeating effects of last year's krona devaluation but it also represents an increase in the volume of sales. Saab too, though still depending heavily

on the support of the Scania truck sales, is also improving its position.

None the less, the differences between the two companies' strategies have never been more apparent. Saab has concentrated, rather defensively, on specialised models derived from a single basic model, allowing the one range to cover several market segments. "The market segments," said Mr. Wernro, "will embrace customer categories that value other product dimensions than those sought by the 'standard' consumer and for this reason are less sensitive to changes in the general economy."

The Saab Turbo—described by the company as the first "family" turbo—and the Saab 900, with its advanced chassis design, are the main standard bearers of this policy. Saab has invested substantially in the new facilities at the Trollhattan plant to build the 900 body shell. About \$25m has gone into new facilities equipment, while a new automated front-end assembly line cost the company \$2.6m. An automated body jig, costing some \$2.3m, attaches the floor, roof, rear end and doors to the cowl structure. Computers developed by the subsidiary Datasaab play an important part in assembling the front end and the latest Swedish welding robots are also used.

Volvo, though perhaps not as technically innovative, is very much on the market-offensive. Following the evaluation, it cut its prices within Sweden to shore up flagging domestic sales and increased its share substantially in overseas markets. But it is the Norway deal which best illustrates the strategies being worked out at Volvo headquarters.

The deal, which has still to be approved by the Norwegian Parliament and the Volvo shareholders, clearly ranks as one of the most daring ventures of recent years in the Scandinavian car industry. Under the agreement Volvo is to receive SKr 750m of investment from Norway in return a 40 per cent interest in a joint Swedish-Norwegian Volvo group into which the present Volvo group will be structured. Volvo is to establish industrial operations in Norway—the emphasis being on high technology and technical research and development though no major plant is foreseen.

The Swedish holding company will have sole control of

the subsidiary Volvo Petroleum, "thriving" industries. The which is to be given the right to participate in prospecting for oil on the Norwegian Continental shelf. The deal is linked to a political agreement between the two countries under which Norway is to supply oil to Sweden while Swedish timber is to be delivered to Norway.

Several problems have dogged both the national agreement and the Volvo deal. Sweden, for instance has been pressing Norway for larger oil deliveries and it is also anxious that the shipments be primarily of crude so that it can be refined in Sweden's underused refineries. The decision to supply timber to Norwegian pulp plants has also brought criticism from Swedish mills which complain that there is already too little timber in the country.

Wrangle

The most recent hurdle to the finalisation of the car deal has been a taxation wrangle between the two countries. Norway has claimed that it is entitled to 40 per cent of Volvo's taxes while Sweden maintains that it is entitled to the whole of Volvo's taxes as it will still be a Sweden-based company. After a summit meeting last month, the Norwegians appear to have given up their tax claim and there appears to be no substantial obstacles to the deal going ahead as planned.

The taxation dispute, however, did highlight the difficulty which Norway has had in financing their side of the car deal. Volvo has insisted that half of the Norwegian share should be in private hands but Oslo has had problems raising the money. Now the three leading Norwegian banks have agreed to arrange this part of the financing.

There has been some suggestion that the Volvo-Norway deal was arranged because the company was short of money to develop a new model series. Volvo according to press reports, approached the Swedish Government to ask for a SKr 1bn injection to launch the series. Volvo executives vehemently deny this and point out that while Mr. Pehr Gyllenhammar, the managing director, did indeed have talks with the Swedish Government, they were aimed at securing capital investment for all

Roger Boyes

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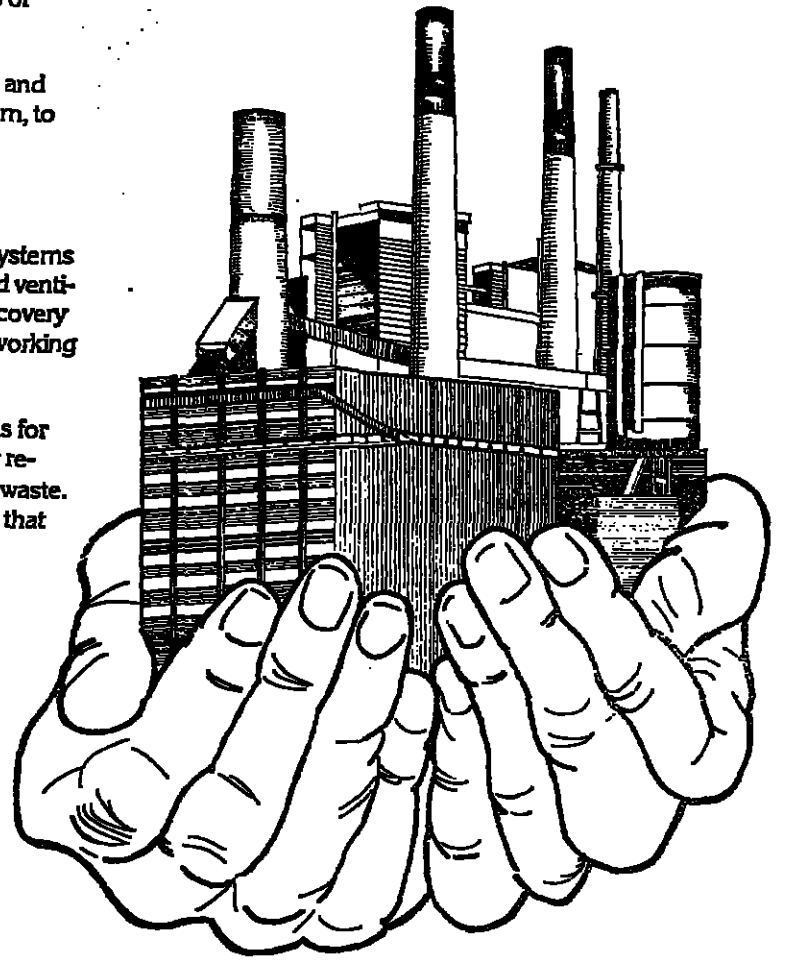
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Turnkey projects gain favour

THE TURNKEY project with its complex interweaving of construction, finance and training, is becoming an increasingly attractive proposition for Swedish engineering companies.

The supply of complete engineering "systems"—whether telephone exchanges, meat processors or hydro-electric projects—appeals to the internationalist approach of many Swedish companies and holds out the prospect of broadening and consolidating export markets, especially in the Middle East and the Third World.

"It snowballs," commented a Swedish Export Council official recently. "One Swedish success becomes a reference point when other tenders are considered."

Mr. Lars Hallden, executive vice-president of Alfa Laval, puts it more succinctly: "When the customers buy turnkey schemes, they are buying confidence."

There is something of an identity problem about turnkey projects. When is a turnkey not a turnkey? L. M. Ericsson sells large-scale systems—ACE telephone exchanges, for instance, and more recently a telemetering and communications network in Qatar for a gas pipeline—but tends not to describe them as turnkey projects. And while both Alfa-Laval, the food processors, and ASEA (the Swedish electrical corporation) both talk about turnkey projects they have completely different approaches.

Alfa-Laval will undertake to convert a piece of land into an active dairy concern (as it recently did in Havana), subcontracting for the construction of the buildings and approach roads as well as guaranteeing the management of the plant for a set period.

ASEA, by contrast, prefers, of certain markets, when they to supply, for example, the transformers for a particular oil plant but will (like Alfa-Laval) also train staff to run the port Council is designed to help make Swedish companies more competitive by streamlining services and by creating combinations of firms which could function as a turnkey operation. There have been some suggestions, given the high unemployment in Sweden, that the Export Council (or some other Government institution) should take a more active role in ensuring that Swedish turnkey initiators seek sub-contractors from within the country.

In some senses, it could be claimed that "turnkeys export jobs." But most Swedish businessmen seem to reject this suggestion. "It's fine for ailing industries such as shipbuilding," explains Mr. Engkvist, "but for the rest it is extremely important that we simply stay competitive." One Swedish company for example recently won an order for a processing plant in Saudi Arabia. It approached Skanska Cement for a quotation on the fairly elementary construction work involved but found that by using Hungarian equipment and South Korean labour, it could cut costs by a third. It would carry out turnkeys is their need considerable Government export-orientation and large incentives to forgo that sort of overseas representation. This cost saving establishes the first condition of a successful turnkey—a responsive "market-watch."

Competent

"It's good business, of course," commented Mr. Hans Engkvist, managing director of Electro-Invest, an ASEA subsidiary and a strong turnkey company. "But that way we are also contributing to the country's economy—not just 'taking away'."

What makes Swedish companies particularly competent to carry out turnkeys is their need considerable Government export-orientation and large incentives to forgo that sort of overseas representation. This cost saving establishes the first condition of a successful turnkey—a responsive "market-watch."

Ideally, the large engineering companies can gauge a country's needs soon after they arise and can assert their presence at the early planning stages. The fact remains, however, that Swedish companies are often hampered by their small size, or their ignorance

CONTINUED ON NEXT PAGE

ROBOTS COMPUTERISED SYSTEMS NC SYSTEMS

ASEA electronics offer new, fascinating opportunities

ASEA has always been well to the fore in the matter of electronic and other related equipment for increased automation of factory production, and large numbers of ASEA NC systems, robots and master computer systems are already on duty in industrial plants throughout the world.

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ASEA

Pioneers in industrial robots

FOR AN advanced industrial nation, Sweden has been rather dilatory in keeping up with advances in computer technology.

Its electronics industry is relatively small—but in one field of special significance to the engineering industry, that of industrial robots, the Swedes are among the world pioneers. In 1977, there were about 600 industrial robots at work in Sweden and by now the number must have grown to around 700. The Association of Electro-mechanical Engineering Industries estimates there will be about 5,000 by 1985.

The Japanese claim to have 70,000 robots but they include machines which are regarded in Sweden as simple mechanical arms and are not counted as robots. Taking the Swedish definition of an industrial robot as a machine which can be programmed to perform different types of work, the U.S. has close to 3,000; West Germany has about 300; and the UK 200 or less. Sweden is thus third only in the U.S. and Japan in the number of industrial robots it employs, and it leads the field in the density of robots to population.

This development has taken place almost entirely in this decade and has so far been concentrated within the mechanical engineering field.

It has been largely inspired by two trends which have characterised Swedish industry over the past 10 years—the high pay-roll costs, which have compelled manufacturers to seek labour-saving methods, and the pressure from the trade unions to improve the working environment. This has induced the engineers to concentrate on the automation of those jobs which generate most pollution, noise and health hazards.

As in most other industrialised countries, the car-makers (Volvo and Saab-Scania in Sweden) have been introducing

robots fast. Volvo has more than 30 American-made robots doing spot welding, while thanks to the use of robots and other automated equipment the Scania truck factory at Södertälje has been able to trim its labour force by 10 per cent a year over the past three years at the same time as it has increased output.

But the leaders in indigenous robot technology have been two other companies with international reputations, ASEA, the heavy electrical and nuclear power company, and Electrolux, the manufacturer of household electrical appliances. Both started to develop robots for their own use and now provide between half and three-quarters of all the robots at work in Sweden. These companies have considerable exports as well.

Complex

The two companies' robots are complementary rather than competitive, fitting into different categories and price brackets. Electrolux's robots are pneumatically operated and cheaper; ASEA's are driven electrically and programmed by microcomputers. But fairly complex production systems can be achieved with Electrolux robots. At its Molala plant, the company has 20 robots bending and shaping the wire used in making the baskets for its refrigerators.

The workshop at Södertälje making gears for Scania trucks uses a robot from each of the firms. The Electrolux robot drills holes into the gear-shaft sleeve, positions the pieces, and drills the holes, clears them and then puts them onto a conveyor belt. The ASEA robot, with one arm and two grips, cuts, grinds, washes, shaves and punches the gears and finally places them neatly into racks.

Electrolux robots are made under licence in Japan, sold in West Germany and are available in the U.S.

ASEA also sells to West Germany, has licensed production in Poland and has set up a company in the U.S.

The Swedes have found great interest in their robot technology in the Soviet Union and East Bloc generally, where there is obviously a big export potential. According to Swedish reports, the Soviet Union has less than 400 robots in action today but plans to have a production capacity of 7,000 a year by the end of 1985.

It took ASEA five years before it started to earn money from its robots and turnover last year was still only a modest SKr 30m (\$6.8m). But the growth in production volume has been 30-50 per cent a year and some 60 per cent now goes to export.

Sweden has three other robot makers. Kaufeldt, a bicycle maker, was in fact first in the field in 1966 and produces a pneumatic robot which operates as a handling device. Another small manufacturer, Ekomat, makes pick-and-place robots. Retab, which is basically an electronics company, has developed together with Hiab-Foco (the hydraulic crane manufacturer) a paint-spraying robot, known as the coat-matic.

The Swedish robot-makers believe they are now pressing against the limits of their present technology. Both ASEA and Electrolux have developed robots for series production. Now the problem is not so much to make the robots, but to fit them into existing production lines. It takes on average six man/months of work to adapt a production line for the installation of an ASEA robot. In many cases, it would be easier to set up an entirely new production line.

But this in turn calls for more advanced and versatile robots with the capacity not only to shape, drill holes in or machine components but also to assemble

them. Robots have to acquire simple vision or sensory power so that they can take action themselves.

The first stage in this development is illustrated by the move from spot to arc welding. ASEA has produced, together with ESAB (the welding equipment company), an arc welding robot of which 50 have recently been sold to West Germany.

Further progress requires the fitting of miniature television cameras or lasers to the robots, the provision of greater micro-computer power and more software. Robot technology at this point becomes part of the rapid advances being made in "knowledge" electronics with the development of integrated circuits and micro-processing techniques.

Revolution

The "chip" revolution is a field in which with two exceptions the Swedes have not kept abreast of the advances made in the U.S.

The two exceptions are L. M. Ericsson's subsidiary, RIFA, which is attuned almost entirely to meeting the internal needs of the telecommunications group, and—once again—ASEA. This group has a small subsidiary making semi-conductors, ASEA-HAFO, which has a turnover of only some SKr 35m but which is well on the way to becoming the "in-house manufacturer" of complicated circuits for the Nordic electronics market.

It has made breakthroughs in electro-optics, has been making MOS-LSI (metal oxide semiconductor-large scale integration) circuits since 1974 and is now into SOS (silicon on sapphire) techniques.

However, when in July this year it instructed the national industrial board to investigate the state of Swedish electronics, the Ministry of Industry underlined the increasing dependence of the industry on a few foreign components manufacturers.

The annual import costs for semiconductor components in 1975 and 1976 were over SKr 35m, the Ministry pointed out. This compares with ASEA-HAFO's total sales of SKr 35m. The board was told to formulate guidelines for the promotion of semiconductor techniques in Sweden "with all due speed."

The directive to the National Industrial Board was only one of three steps the Government took in July, as concern about the Swedish industry came to a head.

A Parliamentary commission, assisted by a team of experts, was set up to investigate the effects of computerisation and electronics on industry, while the labour ministry appointed a committee to look into the effects of computerisation on employment and the working environment.

Altogether, there are now 10 to 12 commissions, committees and study groups at work on Swedish electronics and industrial robots.

Priority in the Parliamentary commission is being given to computerised manufacturing and the commission hopes to have its analysis ready by the middle of next year before it moves on to study processing controls in the steel, paper and pulp mills, the power grid and water supply networks and then in office automation.

The urgency which the Government attaches to the commissions' work was

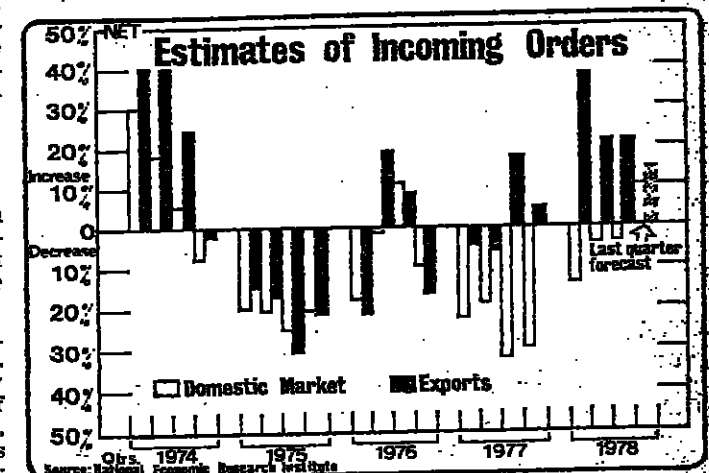
reflected in its terms of reference, which stated that "the speed with which the new techniques can be introduced will decide the chances of survival both of individual enterprises and entire industries—and Sweden has a large potential market for the East Bloc."

The National Industrial Board is conducting a parallel study into the link between research and development and computer production.

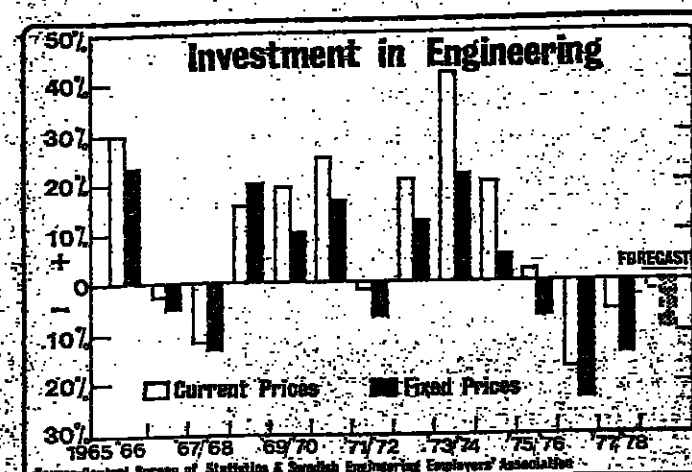
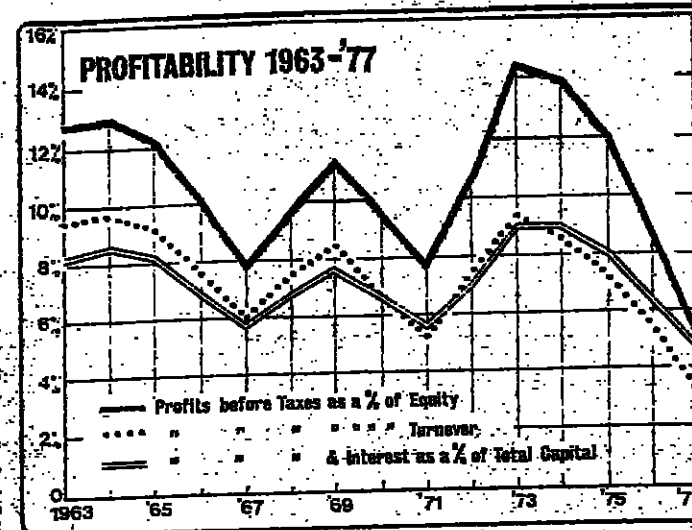
In addition to the need to formulate a general policy towards computer and electronic development, Sweden has a more specific problem connected with its imports of electronic components. The total microcomputer market in Sweden in 1975 was SKr 275m. It is clearly insufficient to support a full-scale development without the opportunity to export—and Sweden has access to the enormous potential market of the East Bloc.

The problem is that in one or two major instances, Swedish exports have been threatened with a U.S. veto because they have included American components.

William Dullforce



Estimates of incoming orders from export and domestic markets, expressed as the percentages of companies showing an increase or decrease between quarters



The above graph indicates percentage changes in the Swedish engineering industry's investments in machinery, equipment and plant, since 1965

Conditions eased for small companies

EACH COUNTRY'S business export market. Crawford's, the history has its legends. Those doors, have almost doubled turnover during the recession and now operate in nine other countries, including Egypt. Starting further back in time, Tetra Pak revolutionised the distribution of milk and other liquid products with its plastic-coated cardboard containers—the brainchild of one man.

But Mr. Dick Ramström, known as the "small company professor" when he was still an academic and one of the country's leading experts on the theme, believes that Sweden has seen the end of the epoch, in which small companies expanded into Alfa-Lavals.

In France, small business is embodied in the Artisanat, in Germany in the craft-based Handwerk and, in Britain, in the family company. For many Swedes the term "small business" is associated with the innovator. And the image of the innovator is invariably an engineer.

It was not surprising, therefore, that when the non-socialist government (which took over in 1976) began to apply itself to the problems of the small companies, it seemed to regard them primarily as a potential seed-bed from which new plants could grow to replace the wilting shipbuilding, steel and textile industries. Was this realistic under present Swedish business conditions?

There are still examples of small companies making good and expanding fast into the

that adopted in several other European countries, where stimulation of small companies has become fashionable. It concentrated on providing easier credits and easing the tax burden.

The Small Companies Act, which came into force at the end of last year, made two main changes. The Regional Development Funds were re-organised, given more money and their range was extended to cover other than manufacturing companies.

Benefits

In principle, the funds can add a further 10 per cent in loans to the 80 per cent of company collateral which the banks can lend. The funds were also geared to offer more consultancy services.

The second change concerned taxation. New rules were introduced for assessing wealth and inheritance taxes, which had previously been assessed on the company's assets.

The company can now reduce this to 30 per cent, which removes a disadvantage for small companies in comparison with those listed on the Stock Exchange, whose taxes were assessed on market value. The new regulation brought relief

W.D.

Turnkey

CONTINUED FROM PREVIOUS PAGE

Skanska in early 1975 after a feasibility study had been completed. The Skandinaviska Enskilda Bank stepped in and offered acceptable credit terms and an interim agreement was signed. A project budget was compiled, embodying quotations and specifications for electrical and mechanical equipment obtained from ASEA (which is now supplying generators and transformers for the project) and Bofors-Nohab (which is supplying transformers).

The contract negotiations were finalised quickly and by the end of the year, the agreement—a so-called "target" contract—was signed. Target contracts mean that the actual costs during the project are compared with the original budget and are constantly adjusted for changes in specifications.

The Panama project appears to be on schedule and should be completed next year, although there have been some local engineering difficulties, stemming from the high altitude work. The speed with which the feasibility study, preparation and financing stages were handled, has encouraged the Export Council which has been closely involved with the scheme.

The main point about this deal is financing and Swedish turnkey, however, is that it has given heart to smaller Swedish companies who were afraid of becoming enmeshed in the complexities of such deals.

"The profits of turnkeys are proportional to the risks taken," commented one official at the Federation of Industry—not perhaps a mathematically exact formula, but the phrase does highlight the fears of diffident engineering companies.

Certainly some Swedish companies appear to be shy of launching a project which means

heavy dependence on local civil contractors. It is very difficult for a company with little experience in the Middle East, for example, to know whether the contractor can complete the job in time.

With exacting penalty clauses inevitably built into the contract, such uncertainty can prove expensive. Some local contractors also refuse to accept specification changes unless the price is correspondingly changed.

Local work and construction material often has to be paid for on a monthly basis which, given the tortuous workings of bureaucracies in many client states, is liable to slow down the entire project. Consultants sometimes seriously miscalculate the economic and educational level of the country and costs can escalate dramatically. The troubles of a Swedish bamboo-into-paper plant in Vietnam has emphasised the risks of introducing high technology into a technically undeveloped country.

All these factors, Mr. Engkvist points out, means that the risk margin has to be injected into the overall costs of a turnkey tender.

The linchpin of a turnkey deal is financing and Swedish executives seem to be relatively satisfied with the country's arrangements. Much Swedish turnkey work has, it is true, been done in Middle East OPEC countries who have generally paid cash and eliminated the need for complex financing terms.

Usually, Swedish companies turn to Svenska Exportkredit, which underpins turnkey schemes with fairly generous 7-to-10 year credits.

SEK, half-owned by the Government and the commercial

banks, works closely with the Export Credit Board which assesses the political, technical and commercial risks involved, and guarantees the loans.

Officials at the Export Credit Board emphasised how much turnkey projects have transformed the Swedish export financing situation—"we have tremendously increased our commitments over the past five years," said an official.

The Nordic Investment Bank, which began operations in 1976, is also beginning to play an important role in turnkey finance in Scandinavia. The NIB, according to its charter, provides export finance "in cases involving companies from at least two Nordic countries which want to start a project in a third country."

The bank's export financing usually requires close co-operation between the NIB and

R.B.

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National Portrait Gallery

Salle Favart, Paris

The abundance of Lely

by DAVID PIPER

exponents from the lesser-known Molière played jointly by Lully music, devised jointly by the producer (Lafont) and the designer (Garnier), and the designer (Pierre-Vincent) and conductor (Sylvain Cambreling). Worth sitting through for two things—the snatches of Lully, including "Dormez, beaux yeux" from *Les Amants magnifiques*, song by to lute accompaniment by Jocelyne Taillon in the first act, and the visual appeal of the changing spectacle, during which a trestle stage is assembled for the opera. The characters of the prologue (including a superhuman Tagion-ballerina) form the on-stage characters of the opera, the opera. An extreme example of the literary approach—why so much about Molière, about whom Parisian audiences are not ignorant, and so little about his purport and why they have practically forgotten?

Scannarelle was Jean-Pierre Lafont, a young boubé baritone of great talent, fantastically quick of limbs and tongue, with a surly charm. He only forced his way into the opera, the producer made him sing "Vive la médecine," the culminating swipe at the profession, not alone

yearly) evaporated from his roughly handled paint for young Peppy, the civil servant, Lely was simply too expensive.

Nor were his sitters preserved in their everyday garb, but either in full formal fig—Garter or peers' robes, lawyers and churchmen's gowns, or in the case of women, in what a contemporary friend called "the most elegant dressing of Pictures"—night-gowns, shifts, yards of glowing silks draped with brilliant negligence. And in character often: Nell Gwynn, ardent and lusty; the formidable Lady Castlemaine as Magdalen, St. Barbara, Minerva or (as here) also as shepherdess. You can see, certainly, the celebrated painter of Nell Gwynn needed a type; there is a still unresolved query as to whether it is Nell Gwynn rather than Castlemaine, even though the admirably painted head has the individual character than most.

All this, indicating limitations of Lely's talent, should not however obscure the very real impressiveness of his achievement. He was a superbly rich orchestrator of colour and movement, but on occasions in fusing these into formidable evocations of certain types of personality: the image of Lauderdale, for example, is superbly drawn, eloquent band, played with such ringing assurance on his belly, with the half closed, piteous, eyes—the image can stand comparison triumphantly with the most accomplished of the high baroque mode anywhere.

It is good to have the mature Lely at his best concentrated

here for a while, for the total effect offsets that most generally available, as given by the Restoration galleries in the National Portrait Gallery where the important element is the quality of the sitter rather than that of the art by which he is portrayed. The quality of the exhibition has wonderfully concentrated the mind of the outstanding authority in the period, Sir Oliver Millar, to the point of producing a catalogue that will initiate the study of Lely as the standard monograph on Lely.

Drawings are not neglected—the stunning frieze of large figure studies for a never-painted pageant picture of a procession of the mightiest of the English monarchs might suggest that, given opportunity, he could have produced spectacular, large-scale decorative schemes. But the surprise for most people, including specialists, is to think of the fresh delicacy of the early work. Despite some odd aberrations of drawing, the dew of the dawn really is on some of this in contrast to the heat of the later work. It was not least in the delightfully sexy ones. Lely's later portrayals of the Restoration mistresses are clearly meant to be sexy, but tend to display rather a blatancy in their sexual appeal. It was surprising that one of the finest bare-breasted of them, the Countess of Oxford, is now corporately owned, lent by BSR. But the early, gentle sensuality of the first few irresistible erotic passages, unequivocal but so delicately so, speaking of promise not of guilt.



Jean-Philippe Lafont (centre)

to Léandre but surrounded by a busy crowd. Like most of his colleagues, Molière's scenes most competently: the dialogues are long and need expert handling. The best female role is the nurse Jacqueline—perfect for the robust *contralto* of Jocelyne Tallon. Martin Gouin, as Scapin, is a little pompous wife took her single chance with tremendous spirit. Though his tone never quite clarified, the tenor Christian Jean gave a sympathetic account of Léandre's ravishing soliloquy. The two young men, Fernand Dumont and Robert Dumé as the servants Valère and Lucin, the usually stylish Elaine Lubin, was unremarkable as the "dumb" Lucinde. Jean-Louis Soumagne made nothing of her part.

Sylvain Cambreling, one of France's up-and-coming conductors, went all out for rhythmic vitality. The vigorous approach sometimes encouraged too loud singing (just as the amount of music in the scenes appeared to be a choice orchestral detail) but it was refreshing to find a young musician fully in sympathy with a work of this type. Gouind engaged three times with Molière, in this opera, in an arrangement for the *Comédie Française*. Léandre's music is *Bourgeois Gentilhomme*, and in the unfinished *Georges Dandin*, in which he tried his hand at setting to music the prose of one of the blacker comedies, Molière gave the perfect foil to the benign strain in Gouind. Shall we ever be allowed to hear the parts of *Georges Dandin* that were com-



The Duchess of Portsmouth and Aubigny

ICA Theatre

Jean Barraqué

by DAVID MURRAY

Mus ICA a series of 10 concerts arranged by Adrian Jack and devoted to recent music, began at the ICA on Sunday night. Most of the music is to be British, but there are evenings of Hanna Eisler and Giacinto Scelsi, and this opening concert marked the 50th anniversary of the death of the extraordinarily gifted French composer, who died five years ago—sadly early. He completed only some seven works, three of which were to have gone into a gigantic cycle, inspired by Hermann Broch's metaphysical novel *The Death of Virgil*.

Both Strauss's pieces stand by themselves. They have been available to inquiring music-lovers for some time, and they acquired some notoriety through being rudely described in *Sinse Debussy*, a pugnacious, partisan study by André Koeber, who thought Strauss's music had made most other post-war composition unnecessary. The cantata sequence on texts from Nietzsche was begun in 1950 but thoroughly revised in 1955, contemporary with Boulez's rather similar *Le marteau sans maître*. The two are on different scales, but *Le marteau*, and therefore more taxing to follow, but the soprano part is full of lyrical invention.

This time Josephine Nideck, who has long been associated with the work, sang it with subtle authority. In the close quarters of the ICA Theatre the instrumental part, conducted by James Judd, sounded formidably busy, though the sensuous refinements of the score were given room to breathe.

The other work was the long, daunting Piano Sonata of 1952, a work of fragmented violence which seethes with jagged ideas, and at last coughs away into a (whole) silence. Roger Woodward (whose recording of the piece is also available) sounded superb with flawless concentration and brilliant technical address for 42 minutes, and then by way of an encore repeated the feat—with out warning, and so posing a risky challenge to his audience.

But scarcely anyone slipped out again. Woodward, and the rest of the cast, were a first-class bunch, and it was a good guess that those who had first suspected that his nervous electricity had supplied the power for an arid score probably found the cogency of the Sonata increasingly impressive. Small differences of mood and style between the two movements, and the black and white contrast of the Barrault spruce steel structure in high relief. If anyone had to miss a train, there was powerful excuse for it.

Covent Garden

Frederica von Stade

by MAX LOPPERT

There were two Frederica von Stades on show in the Sunday evening recital, her first in London. One was the enchantress to whom, in opera, as Cherubino and Rosina, we have already lost our hearts—a singer adorable, witty, and immaculate in style, who delivered groups of Debussy melodies and the Cagliostro songs, and folk songs and (as encores) romances by Offenbach and the page's cavatina from Meyerbeer's *Les Huguenots*, all in vividly communicative French, and who had the audience hanging on her every syllable. The other was a disappointing recitalist who in the first half sang Purcell and Schubert in an undemonstrative, slightly academic manner.

There was much the two had in common, of course: a high mezzo-soprano voice well-compassed, vibrant and caressing all through its wide compass; a method of vocal delivery in which almost every element of artifice is eradicated, which is rare as the air itself; and a way of singing that ends as the way it begins, and presents at once fresh, unforced, and seductive. But in Dowland and Purcell and in

Schubert, all this did not seem quite enough.

What was missing appeared to have to do with verbal nuance. Miss von Stade did not convince the ear that she had studied, pondered and mastered the words of *The Blessed Virgin's Exposition* before singing them, for her vocal line had a functional colouring in her sounding of its anxious interrogatives. In German, her words at present are altogether too soft and yielding—if good German has the effect of a heavy three-course meal, von Stade's German sounds like a plate of anaples.

Although there was some eloquent soft singing in the Schubert "Weineliend" and a winning touch of delicacy in Geminani's and the second "Sulzer" song, these songs were less valuable than intrinsic qualities in the exposition of the song. A tendency to rest on the flat side of a note for "expressive" ends was on the verge of becoming a troubling mannerism.

With Debussy came a change in the temperature. Miss von Stade's imagination, it is clear, is stimulated and extended by

the special demands of the French language. She uses it, shapes it, builds it into the foundation of the vocal line. One could perhaps reproach her, and her pianist Martin Katz, a punctilious but often insufficiently responsive accompanist, for not too much of yielding and dreaming in "C'est l'estrie" and "L'Ombres des arbres."

The rest was a treat. Miss von Stead's politely half-smothered hiccup in Perichole's "Ah! quel danger" are already everywhere commemorated as those of Maggie Teyte and Regine Crespin on record. From this recital, the message is clear: in future either a larger proportion of the songs in French, or else a more assertive execution in other languages. Two unwanted elements were, at under two hours (including four encores), gave distinctly short measure; and of Mr. Katz, an unfamiliar figure on the London concert platform, there was no biography in the programme.

There was no room for Kanawa's pianist (last week either). In the spirit of Patti and Melba still alive in this august house, roundly squashing the pretensions of pianists?

from above. The natural abundance (in truth, fallible) of one's own hair was found not enough, and men settled into the tophur of the wig for the next half century. The rich, dark, wavy, and voluminous draperies are matched by the rhythms of Lely's designs, broad and strong: those of the high baroque. The strength is shown in unexpected ways, the chin and the neck most are framed in contemporary frames, especially that type known as Sunderland, a scalloped design that modulates the heavy swell of the paintings in an acceptable transition on to the everyday planes of the wall, the drapery and the face. The drapery ripples on to the featureless sand through the face. Where later, slighter, frames have been used, they can seem inadequate to contain the paintings.

Lely's clientele, after 1680, was almost all Charles II's court, so that his scope as a reflection of the total society of his age is limited. His portraits are of soldiers or sailors have an air of opera rather than of battle, and the face is a window into the face and index of the mind (this was also the age of the foundations of the Royal Society, of Newton, of Wren, Boyle, in their brilliant

Festival Hall

Beethove

In his stimulating, infuriatingly deeply questionable but often highly questionable new biography of Beethoven (Cassel, £8.95), the American author Maynard Solomon sees the Ninth Symphony as a retrospective work among the products of the composer's last years. "For in 1814, Beethoven returned unreservedly to the heroic style, which he had effectively completed by 1812-14. It is extraordinary that an apparently superseded style still retained such vitality, and such technical and expressive possibilities." At least with regard to the Symphony's choral finale, the analysis is a perceptive one.

On Sunday night with the Philharmonia, Kurt Sanderlings expounded the purely musical virtues of the first three movements with a more impressive sturdiness and energetic articulation was clear, and the opening movement's argument was sustained with logical power. A

n's Ninth

certain wooliness of attack could be attributed to Sanderling's expansive gestures, which took too much for granted in the orchestra: the string sections were poorly co-ordinated in the Adagio, where the wind achieved miracles of precise (if not always perfectly-tuned) ensemble.

But in the final Sanderling's sturdiness turned stodge. He was clearly concerned to bring breadth and warmth to the music, to make it sing expressively — the interpretation was wholly admirable. The result, though, was less than satisfying: the Philharmonic Chorus slammed vigorously through the score, and could not sustain the power which Sanderling demanded in the slower pages. The busyness weight of the orchestra, which had been so effective earlier on, turned against the music. The affirmations surged boldly, but remained earth-bound.

NICHOLAS KENYON

NICHOLAS KENYON

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Tuesday December 12 1978

Looking ahead
to SALT 3

PROSPECTS FOR the conclusion of new strategic arms limitation agreement between Washington and Moscow (SALT 2) once again appear to be brightening. It is an encouraging sign that Mr. Cyrus Vance, the U.S. State Secretary, is to meet his Soviet opposite number, Mr. Andrei Gromyko, for further talks before the end of the year. The announcement from Cairo, where Mr. Vance is conducting Middle East peace negotiations, coincides with unconfirmed reports in the U.S. that the two sides are now very near agreement. If that is so, the purpose of the Vance-Gromyko talks could be to prepare the long-awaited summit meeting between President Carter and President Brezhnev at which a SALT 2 agreement would be signed.

In the light of past experience, such developments must be treated with some caution. On several occasions over the past year and more, U.S. officials have suggested that agreement was near, only for the hoped-for breakthrough not to materialise. It is now 14 months since President Carter optimistically predicted that the talks' conclusion was only a matter of weeks away. Issues such as the American Cruise missile, the Soviet Backfire bomber, the timetable for Soviet reductions in strategic nuclear forces and limitations on Soviet nuclear warheads have proved particularly intractable. While Moscow appears to be keen to conclude a new agreement, Washington's negotiators have made it clear they are not working to a deadline. They will not strike the final deal until they are reasonably confident they can persuade the Senate to ratify it.

Unlike SALT 2, which only concerns intercontinental weapons, SALT 3 is intended to include weapons based in the European theatre. The Europeans will soon have to decide both what their approach is to be and how their interests are to be represented, whether by consultation or some form of indirect participation, in the actual negotiations. The essential questions are whether nuclear forces stationed in Western Europe should be strengthened to match the growing power of Soviet intermediate-range nuclear systems like the SS-20 missile and the Backfire, or whether the West should try to negotiate limitations on these Soviet systems in exchange for restraint on its own part.

New generations

On one point, both Europeans and Americans appear to be fully agreed. That is that if new nuclear weapons are to be introduced into Western Europe the decision will have to be much more carefully prepared than the unfortunate episode of the neutron bomb. At last week's Brussels meeting, the Netherlands, a country in which nuclear issues are particularly sensitive, asked for special consultations to assess the effects on public opinion of any new plan to "modernise" the Alliance's nuclear forces in the European theatre. There is clearly a temptation in some circles to try to sneak in new weapons under the umbrella concept of "modernisation" of existing forces.

Lloyd's and
the Press

THE Committee of Lloyd's has handled the report on the inquiry into the "Savonia" affair in an unfortunate manner. This case, which generated wide public interest in Parliament and the Press, involved a number of issues which are central to the way Lloyd's conducts its business. These include the role of the chairman and the committee in handling disputes among members, as well as the general conduct of broking firms and reinsuring underwriters.

The report, which was produced last week, falls short of the standards which would be expected from, for instance, Department of Trade Inspectors. Among its shortcomings are bald statements of fact unsupported by evidence, and references to behaviour — "robust" beyond the normally acceptable standards of broking conduct — which are utterly meaningless to outsiders.

Indemnity

Lloyd's argues that this was a private report, intended for members of its own community. Yet this did not prevent it from the extraordinary step of releasing it to the Press — on condition that any publisher accepting the document signed an indemnity releasing Lloyd's from any legal liability following republication in whole or in part.

This indemnity required publishers to recognise that "having regard to the privileged nature of the report neither the Board of Inquiry nor the Committee of Lloyd's will accept responsibility for the accuracy or otherwise of the report." Publishers also had to agree that no authority to reproduce the report was "expressly or impliedly" given by virtue of its release and that, after all that, the report was published then the publisher would indemnify the Committee of Lloyd's in respect of all legal liabilities and other costs which might arise as a result of such publication.

There is some question about the legal validity of these conditions: the probability is that the indemnity could be made to stand up. The important question, however, is why such unacceptable clauses were thought necessary. Lloyd's explains that it had originally intended to publish only the conclusions of its inquiry, but that it then bowed to intense pressure in the Press to publish the report in full. The indemnity was concluded only because the Committee's legal advisers warned that it would be dangerously exposed without such protection.

Yet self regulation can not be conducted in private. In somewhat similar circumstances, the Stock Exchange has acted in a much less restrictive fashion. Two years ago, the affairs of Scottish and Universal Investments and its then chairman, Sir Hugh Fraser, became a matter of wide public interest and comment. The Stock Exchange, like Lloyd's, is a self regulated community with limited membership. It took the view that the inquiry was a matter of legitimate public concern.

If the "Savonia" affair was a matter of genuine public interest — and the decision to publish the report in full implies that it was — then the Committee of Lloyd's should have taken the responsibility for promulgating its findings as widely as possible in order to protect the good name of its community. It should have been prepared to accept such legal risks as existed for a similar reason, rather than attempt to pass them on to other organisations which were much less well placed to assess the quality of the evidence.

The fact that the risks were deemed to be unacceptable only underlines the weaknesses in the report and in the nature of the inquiry itself. It would be ridiculous to suggest that Lloyd's was trying in any way to gag the Press. What this affair does suggest, however, is that Lloyd's is still trying to run its affairs as though it were a private club whereas in reality it is a rapidly growing institution of major importance to the City of London, the country and the international insurance market.

Lloyd's will best serve the interests of its members if it accepts the public responsibilities which its size and importance involve. The worst outcome possible, from the "Savonia" case would be for the Committee of Lloyd's to withdraw into its shell and to resolve that next time only the bare conclusions of any inquiry will be published.

Jolts ahead for Carter's
anti-inflation policy

By STEWART FLEMING and JOHN WYLES in New York

THE CARTER GUIDELINES AGAINST INFLATION

OBJECTIVE: To slow rate of inflation to 6-6.5 per cent over 12 months from October 1978.

PAY: Wage and fringe benefit payments not to rise more than 7 per cent a year. Low-paid workers earning less than \$4 an hour are exempt, and there is scope for increases above 7 per cent in return for productivity gains.

PRICES: Companies are asked to bring rises to 0.5 percentage points below the average increases of 1978 and 1977. Companies may pass on unavoidable cost increases provided

they do not raise pre-tax profit margins on sales above the average of the best two of the three fiscal years prior to October 1.

SANCTIONS: U.S. Government buys \$30bn-350bn worth of goods and services a year. Offenders against guidelines could face loss of Government business. Administration also ready to use regulatory powers against restraints where available so that they might lose protection from import competition, and be prevented from passing on wage settlements in higher charges.



Mr. Ray Marshall (right), Labour Secretary, got things moving. Mr. Frank Fitzsimmons, President of the teamsters' union, may set the alarms ringing.

the policy which became strikes against the government.

Instead there has been something of an undignified scramble to modify the original guidelines, and an announcement of the revisions, billed as largely technical, is promised soon. The policy was framed, but not loudly proclaimed, with the aim of curbing the inflationary excesses which could well have resulted from the major pay deals to be negotiated next year. Yet within days of publication of the guidelines, it suddenly dawned on officials that there was virtually no chance of the programme clearing its first major hurdle — the teamsters' negotiations for a new contract from April 1 — unless one of the key clauses of the policy was changed.

Until the modifications are announced the policy limits increases of wages and benefits to 7 per cent. Although no one can be precise about how much is needed merely to maintain existing pension, health and welfare benefits for the 400,000 truck drivers belonging to the teamsters, everyone, including the administration, agrees that it might take an inordinate slice of the 7 per cent. Since no one expects the teamsters to put their name to a deal with

negligible pay rises, the White House is drafting changes which may only serve to give the impression that within two months the administration has lost faith in its original policy.

For this and other reasons the President may be reluctant to endorse his staff's proposal. But the risk of the policy collapsing may prove to be even more intimidating. Its goals after all are modest enough — a reduction by 11 percentage points of the current 9 per cent inflation rate. Success could make Mr. Jimmy Carter's reelection in 1980 very much more predictable, while the cost of failure could well be a mandatory price and incomes policy or, less likely, a recession as a last ditch bid to halt rising prices. The President has publicly acknowledged that his guidelines represent a high political risk, but he obviously finds them much more attractive than the alternatives.

Recognising that the administration's existing policy of encouraging companies and unions to decelerate their rate of price and pay increases lacked both teeth and momentum, the Labour Secretary, Mr. Ray Marshall, set the administration rolling toward the new package in July. By then he

and his aides had had time to analyse the implications of the coal miners' settlement in April which, after the President's personal intervention, had yielded 37 per cent pay and benefits increases over three years.

Mr. Frank Fitzsimmons, the teamsters' President, had set a few alarm bells ringing by declaring that he would be looking for at least as much as the miners had won by the end of their four-month strike. If the miners' settlement were to be truly established as the pace setter for 1979, then the impact on consumer prices, from motor cars to food, could be very damaging. Within the Administration, Mr. Marshall found a sympathetic ally in Mr. Michael Blumenthal, the Treasury Secretary, while on the outside, the chairman of the Federal Reserve Board, Mr. G. William Miller, was publicly and privately urging the White House to switch from curbing unemployment to curbing inflation.

The guidelines which finally emerged from much discussion and planning within the administration are of a length and detail which some might argue are more appropriate to a statutory rather than a voluntary policy. But with the Gov-

ernment threatening to use its purchasing and regulatory powers against a company which breaches the guidelines, action in 1978 when only 24 virtually all trade unions and some employers argue that there is not much about it that is voluntary. A court challenge has already been filed by a small West Coast paper workers' union which argues that the President has no authority to introduce what are, in effect, mandatory controls. The Government's power to apply sanctions will almost certainly also be legally tested at some time or other. The employers who are already feeling the heat are the trucking companies whose negotiators will be exchanging their first set of proposals with the teamsters' union on December 15.

Since the New Deal of the 1930s, trucking has been one of the most heavily regulated and protected industries in the U.S. But now the Interstate Commerce Commission, under government prompting, has started issuing proposals intended to open up the industry to much sharper competition in services and pricing. The prospect is alarming to both truckers and teamsters alike.

But the pressure on the teamsters' leadership to secure substantial increases through a new Master Freight Agreement (MFA) should not be underestimated. Highly critical dissident groups are gaining support within the union, which is to some extent a prisoner of its own past successes. They have created the expectation of steadily rising standards.

With the conclusion of the 1976 agreement, hourly rates had risen 148 per cent in 10 years against an increase of the cost of living by 80 per cent. On top of this the union has masterminded the creation of a patchwork of regional pension and health and welfare funds providing benefits which rank among the best in American industry.

Mr. J. Curtis Counts, a former director of the Federal Mediation and Conciliation Service who is leading the employers' negotiating team, told the Financial Times three weeks ago that he was still trying to establish how much of the overall 7 per cent allowed by the current version of the guidelines would be absorbed by the need to maintain the value of existing benefits. He clearly thought that it would be a substantial proportion, and no employer could have sounded less optimistic than Mr. Counts about his chances of securing a peaceful settlement. "Acceptance of the standards is going to require employee understanding and a tremendous amount of leadership on the part of labour and management," he said.

There seem to be precious few good reasons for believing that the guidelines will triumph over the teamsters as some people in the administration he risks provoking a confrontation between the Government and powerful industrial unions which his and most other administrations would be ill equipped to handle. He is fervently hoping that Congress will come to his rescue by endorsing legislation embodying the real wage insurance plan offering tax rebates to workers who have observed the guidelines if price inflation should exceed 7 per cent next year.

A CALENDAR OF PAY
CLAIMS

| 1979 | |
|-------|---------------------------------------|
| Jan. | 60,000 oil workers |
| March | 400,000 teamsters |
| April | 387,000 construction workers |
| June | 67,000 rubber workers |
| June | 55,000 California food processors |
| Aug. | 140,000 electrical equipment workers |
| Sept. | 74,000 meat packers |
| Sept. | 684,000 auto workers |
| | 92,000 agricultural machinery workers |

MEN AND MATTERS

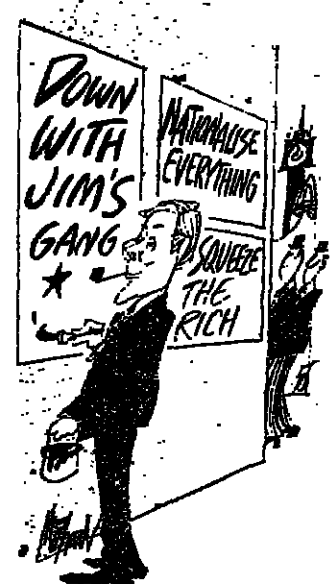
Counting the cost
of Utopia

"Having been abroad so much, home in Kent is very nice," Lord Cromer said in April 1974, on his return from four years in Washington and a holiday in his villa on the Riviera. Now the former governor of the Bank of England is putting a different maxim into practice. Earlier this year, apart from attacking exchange control as a "most sinister infringement of personal freedom," he also called for the reduction of "enterprise-inhibiting taxation."

Lord Cromer's decision to move to Jersey is in keeping with such an appeal. It also coincides with a report by Colin Powell, the island's economic adviser, which states that the tax exile business is booming. Jersey gives an average of 15 resident licences per year to would-be settlers, and all the past four years' quota have been fully taken up.

There are now an estimated 300 tax exiles in Jersey. Each of the 60 newcomers have had to buy homes usually costing over £100,000. Two recent arrivals have paid more than £200,000 and should anyone have £1m to spare an attractive residence is on the market for that price — a Jersey record.

The island is one of the Scheduled Territories, which causes Powell to argue that it is far better for Britain that tax exiles settle there than in, say, Spain. In the past he has estimated that exiles brought Jersey an annual £30m in assets. Now Powell eschews such calculations, while maintaining that the island makes a "valuable contribution" not just to the UK but also to the EEC.



Inland Revenue in lost tax seems anybody's guess. The £1bn estimate once aired is described locally as a "back-of-an-envelope calculation" and is obviously excessive. The Inland Revenue tells us that it has no idea of the amounts involved in that or in any avoidance or evasion scheme. "We cannot compare tax statements of people before and after they move to Utopia or Ruritania."

When I asked if it was considering closing this loophole it reminded me of how two Labour MPs on a fact-finding mission earlier this year had been drummed out and "virtually thrown into the sea. The idea is a non-starter."

In on the act

After years in the doldrums, Broadway is booming. The New York authorities are at last cleaning up the area around Times Square, and heavy advertising campaigns are drawing in a new and enthusiastic

Unsettled repast

With new nostalgic admirers springing up in hordes every day, one could imagine that The Times was more popular than The Sun. But one group who must feel genuinely deprived are lawyers, for whom corffakes cannot taste the same without a law report or two. It turns out that those succinct summaries of yesterday in court were provided, quite independently, by an organisation called Law Reports, which says loftily: "The Times reports were rather a marginal activity. They were not a

Shamembert

Cheddar from Eire has long been one of the "Irishisms" on British supermarket shelves. Now the Irish Dairy Board is diversifying into other areas. So far its Brie, Camembert and Gouda have not penetrated the markets of their theoretical places or origin. But the Italians are apparently becoming used to the Emerald Isle's Rigato and Fontina.

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Observer

Shots in Shotton's locker

The British Steel Corporation has been more successful than it had dared hope during this past twelve months with its programme for closing ageing works.

The list of the so-called "Beswick" plants has never been far from the desk of Sir Charles Villiers, the chairman, since he took office in September, 1976. The list was drawn up for the Government by Lord Beswick, while an Industry Department minister, before the gravity of the steel trade crisis was properly recognised. It gave security from closure until the end of the 1970s to a number of obsolete and high-cost steelworks. It also proved an intolerable burden for British Steel, plunging the corporation into losses of well over £1m a day.

But by tackling the problem through individual works negotiations British Steel has achieved nearly all the Beswick closures years ahead of time. They have been brought about by means of generous redundancy and compensation payments (up to £17,000 a man at one works) and the provision of alternative work in some cases. Within the past year a dozen loss-making iron and steel plants have been closed with a reduction of 17,000 jobs.

The solving of the Beswick works issue

is, however, forcing British Steel to face some intractable problems. More big steelworks closures have to be brought about if the corporation is to become truly competitive internationally.

One of the first of the new closures is the Bilston works, in the Midlands. The work-force there is resisting proposals to end iron and steelmaking. But two of the four open hearth steel furnaces are to be dumped down at Christmas. And the working life of the other two must now be reckoned to be short for commercial reasons.

So far British Steel has declined to produce a formal plan for further closures. But the unions know that the 3m tonnes of new steelmaking capacity coming "on-stream" in the next three years will somehow have to be balanced by closures. There is no point in the corporation making more steel: the markets are not there.

Speculation about further major closures is settling most frequently now upon iron and steelmaking at three big works: Consett, in the North East; Corby in the South Midlands; and Shotton, in the North West. Between 10,000 jobs and 13,000 jobs would be at stake. The fight by the Shotton management and men to stay in steelmaking is described here:—

SHOTTON steelworks on the river Dee estuary, North Wales, was working full extra steel that afternoon. He blast one day in September when Mr. John Powell, the managing director, took a telephone call. The British Steel Corporation had a crisis on its hands: could Shotton help?

Plant failures at other, bigger, sheet steel producing works in the corporation were disrupting production. In consequence the new tinplate works at Ebbw Vale, South Wales—an investment to maintain British Steel's position as dominant supplier to the canning industry—was running short of steel.

It is no use asking a can-maker to wait for plate. Fruit and vegetable harvests rot if the needs of the canners are not supplied promptly.

Mr. Powell put on a works overall and a hard hat and went down to the furnace shop. During a five-minute meeting

with the manager and foremen a plan was agreed to melt the extra steel that afternoon. He then walked over to the rolling mill to discuss revised schedules and to plan over-time working. The steel was sent to Ebbw Vale a few days later.

Shotton, a 1m-tonnes a year works, has always been run that way. The employees claim they have a sensitivity to customers' needs, and an ability to react quickly to meet those needs, which other works in the 1m tonnes a year British Steel Corporation find hard to match.

The Summers family which founded Shotton and ran it until the nationalisation of the steel industry in 1967 forged close links with their industrial customers while staying closely involved with the steel-making shop-floor. That tradition has survived 10 years of nationalisation. But the British Steel Corpora-

tion is determined to close the 12-furnace steelmaking shop at the works. The full Trades Union Congress Steel Industry Committee (TUCSIC) visited Shotton recently to try to find out why.

The committee was led by the two top union leaders in the steel industry, Mr. Bill Sims, the TUCSIC chairman, and general secretary of the Iron and Steel Trades Confederation, and Mr. Hector Smith, general secretary of the National Union of Blastfurnacemen.

The TUC leaders are receiving all the co-operation they could wish for as they compile their assessment. The management and the 10,600 work-force at Shotton are unanimous that the works can only survive in its present form as a major supplier of sheet metal if it is provided with its own new steel-making facilities to feed its own rolling mills. The local authori-

ties in the immediate areas of Merseyside and North Wales agree and are supporting a vigorous campaign to save steelmaking at Shotton.

The works action committee put the following points to the TUC delegates: ● "There is a need to maintain Shotton as a fully integrated plant. Steelmaking at Port Talbot and Llanwern (both in South Wales) which supposed to be the major suppliers of hot rolled coil for Shotton's finishing mills if steelmaking ended, is geared to meeting the particular requirements of the tinplate and car industries. Shotton, on the other hand, makes many different grades of steel to enable it to meet the requirements of a wide range of customers."

● "Because of plant failures the South Wales works and Ravenscraig, Scotland (British Steel's other big sheet steel works) would have been unable to supply sufficient hot rolled coil for Shotton's finishing mills and coating lines at times this year."

● "There is a strong customer preference for Shotton products. Steelvite, and Colcoral (various forms of coated sheet steel) are produced solely or mainly at Shotton. The second source of supply is imports."

● "For a modest investment of £26m for three new tandem steel furnaces the steel output per furnace per hour at the works could be improved by a factor of three and bring Shotton's costs down as low as its international competitors."

● "Whether tandem furnaces could provide an adequate replacement for the present line of aging open-hearth steel furnaces at Shotton is a very open question among steelmakers. They have not been installed anywhere in Britain. The technology is Czechoslovakian and



Since the Summers family founded Shotton on the Dee Estuary, it has been sensitive to customers' needs.

has not been widely used in other parts of the world. Nevertheless, the Shotton management and work force are convinced that three of these furnaces at a capital cost of about £26m including fume cleaning equipment would enable steelmaking to continue at the works. They say it would be a bargain basement investment by current standards of steelworks costs.

In the open-hearth shop at Shotton—the highest of its kind still working in Europe—they have actually marked out the sites where they would like the new furnaces installed.

A report to the BSC Board from Shotton is understood to include an estimate that the tandem furnaces would provide the works with more than 30,000 tonnes of steel a week. That would be enough to keep Shotton in business as an integrated works. The new steel-making capacity would balance the rolling mills and coating lines which have been modernised at a cost of more than £70m in the last few years.

Reduce costs

The TUC heard that the installation of tandem steelmaking would reduce the cost of Shotton steel by more than £6 a tonne. The local management estimates that the works could run with a reduced labour force of 8,000.

If tandem furnaces are considered to be too far outside the mainstream of steelmaking technology to be acceptable, the Shotton work-force has an alternative proposal.

It proposes that steelmaking could be kept on a secure and profitable basis at the works for at least the next ten years by modernising seven of the 12 open-hearth furnaces to the highest world standards. That scheme would also provide

30,000 tonnes of steel a week and would cost an estimated £32m including the considerable outlay needed on fume cleaning equipment. Although open-hearth steelmaking is now unsuitable in Europe and Japan no longer has any units of this kind operating, a number of plants are running successfully in the U.S. One big open-hearth shop at Armco Steel, Middletown, Ohio, is considered to have at least another 10 years of profitable life ahead of it.

In an ideal world the replacement for existing steelmaking processes at Shotton would be new electric furnaces or a basic oxygen plant. But neither investment would leave much change out of £100m. That is why the Shotton management and the action committee are concentrating upon ways of keeping their works together by cut-price schemes.

The case is well documented that Shotton steelworks is a paragon of what a steelworks should be—flexible and attentive to customers' needs, and run by a loyal work-force. Production there has not been stopped by a strike since 1911. But those qualities may not be enough to save Shotton's steelmaking. The British Steel Corporation is now losing money at a rate of between £300m and £350m a year. It does not expect to break even before 1980.

New processor components

From the Chairman, Computer Analysis and Programmers (UK)

Sir—It is entirely laudable that in your leader, of Dec. 7, you should see a calmer view of micro-electronics. Some of the wilder comment on impending unemployment has, indeed, been misleading. Nevertheless, to state "it has never been very clear that the computer-chip is any more dramatic than the invention of the transistor" is also to be misleading.

The invention of the transistor was a remarkable advance in improving the performance of certain components. It led to integrated circuits and, thereby, opened the door to the eventual design of the microprocessor. The latter is, however, a revolutionary step. It not only improves on the performance of components but enables their function to be variable by program. Thus a standard circuit can be mass-produced very cheaply and be made to operate as a watch, a calculator or to provide "intelligence" in a TV set depending on the software provided.

We are not yet accustomed to the idea of a component, costing £50 or less, being programmable. Hence much of the confusion which prevails. For example, it is widely assumed that the exploitation of these components in industry requires the purchase of totally new plant plus the replacement of existing staff by a new breed of electronic engineers and programmers.

In fact, a more realistic requirement in many companies is to improve the instrumentation on existing plant and to provide the training required for existing staff. This can be done but it will not be done at all by pretending nothing has changed or by ignoring the significance of programming in the new processor components.

A. D'Agapeyeff, CAP House, 14-15, Great James Street, WCI

Where labour is made redundant

From the Senior Consultant, The P-E Consulting Group

Sir—Your leader (Dec. 7) rightly deprecates the more exaggerated claims about micro-processors and their effect on manufacturing industry and on employment. It is true that, from an intellectual and scientific point of view, the micro-processor chip is a development like many others and not the "quantum leap" in technology suggested by some. It may well be true also that in the longer term, the Central Policy Review Staff is right in believing that micro-electronics will not be the major factor for the worse. As in the case of transistors, it is hoped that the sale of many new and existing products will be boosted by the new capability that micro-electronics can bring, and that this will in turn bring fresh employment.

As you say, however, employment effects are notoriously difficult to predict. It does the cause of calm, objective discussion no good to dismiss fears about unemployment by comparisons with the introduction of computers in the civil service. This analogy is largely irrelevant to the very real, albeit I believe short term, problems in manufacturing industry. The Prime Minister, who is not noted for scaremongering,

Letters to the Editor

is quoted by you as saying that there would be "some crucial job losses in a number of industries."

Where a micro-processor based system is introduced to perform the kind of task done in the past by a larger computer, then there is probably good reason to suppose that the effect on employment will be any different from that of introducing a new computer. But it is very misleading to generalise by saying that "applications rarely involve the substitution of labour by micro-processors."

When micro-processors are used in sequencing control applications in industry, for example to control food and drink or textile machinery, they almost invariably replace controls that are larger and often more expensive because traditional components and systems are assembled by hand. Examples of such conventional controls include pneumatic control systems, electro-mechanical relays and conventionally wired electronic controllers. In these cases, it is the labour which formerly assembled the control system which is made redundant. And it is either grossly naive or dishonest to pretend that the introduction of micro-electronics is likely to create new jobs in the immediate future for the type of labour involved in light assembly work, unless it is to produce entirely new products. The first need will be for more systems designers and programmers.

It is in just this industrial area that the opportunities are also greatest. Many industrial products are already being made more versatile and competitive by the use of micro-processors. The recent Science Policy Committee report gives some examples. If our foreign competitors introduce micro-processors and we do not, then the resultant structural unemployment may be very much greater. I have outlined. There is already much evidence of such competitive activity. This is why my company believes that urgent action is needed by industry to ensure that we are not once again left behind. And it is why frank discussion of the problems arising is vital.

P. B. Stegbarth, Park House, Egham, Surrey.

Telephone credits

From the Director, Public Relations, Post Office

Sir—I am sure your readers would like to know the Post Office's policy on the giving of credits when a customer is accused to a wrong number (Mr. P. B. Downey, December 7). In our experience most callers realise they have obtained a wrong number within the time allowed for one dialled meter unit, which for calls in the UK could be anything from eight seconds to 12 minutes depending on the distance involved and the time of day. It is therefore our policy to give a credit of one unit without question. This applies both to wrong numbers caused by an equipment fault and to those where the caller has misdialed.

We recognise, however, that in certain circumstances, such as overseas calls made by International direct dialling (IDD), increased credit may be necessary, and our operating staff have discretion to allow this. We are presently introducing a new format for telephone bills, showing the customer's meter reading at the beginning and end of the billing period and, separately, the number of credits

Running the company

From Mr. G. Wolf

Sir—Mr. B. Cole (December 6) is slightly confused. He prescribes that promotion should be on merit and not on popularity and uses this to oppose the election of workers' representatives to the board. He ignores the fact that a large number of directors elected by shareholders are not elected because of their merit. Many directors hold their positions by virtue of a large block of shares which they control and not through their own merit.

This state of affairs is one which causes many of us to look closely at the two tier German system of boards, where one board consists of shareholders' representatives and union representatives and the other consists of the company and to which, in theory at least, appointment is by merit.

Indexing patents

From the Chairman, NPM Group

Sir—Mr. Arnot (December 6) performs a valuable service in alerting readers to changes to our Patent Office practice and hence to the competitive strength of British industry.

The number of British patent specifications published this century runs to over 11m. The information which they contain is of real importance to industrialists because they relate to new products with sufficient prospect of commercial success to warrant the expense of securing patent protection, and a surprisingly high percentage of which relate to currently manufactured products. It is also of legal importance because no manufacturer can afford to have the life of a promising new product abruptly terminated by reason of infringement of his competitor's patents. The cost, however, of searching through all the published UK patent specifications or abridgements without some guide is prohibitive and in order that the information contained in patent specifications should be accessible to the public the maintenance of an adequate indexing system is obviously essential.

The British Patent Office has up to now maintained the most careful and detailed classification system in the world. This has been built up over a period of over a century, in response to advances in technology, to cope, on a basis which in some fields is barely adequate, with the explosion in technical information. It is much more comprehensive and detailed than the international patent classification which has a restricted number of subject-matter headings of an over-general nature and which leads to inconsistencies in use so that relevant documents may be misclassified and/or not cross-referenced and hence can easily be overlooked. It will thus become far more difficult for patent agents to be confident that they have discharged their professional obligations to their clients.

If the broad scheme of the international patent classification

A retrograde step

From Mr. B. Reid

Sir—Mr. R. M. C. Arnot (December 6) is correct concerning the inferiority of the new patent indexing scheme recently introduced by the Patent Office on the ground of cost-effectiveness. Then indeed has a retrograde step been taken. It is a chance thing at the best of times to advise as to the validity of a patent. Any move, like that of rendering more difficult the unearthing in the first place of the relevant prior art patents, renders that task even chancier is hardly likely to benefit the public very much. Advantage will ensue primarily to the inhabitants of the Temple: an increase in uncertainty normally spawns an increase in litigation.

Brian C. Reid, 3, Pump Court, Temple, EC4.

Consumers and the EEC

From the National Officer, Association of Scientific, Technical and Managerial Staffs

Sir—In your article concerning consumer organisations' influence with the EEC Commission (December 4), I am sure many of your readers will take the view that consumer organisations refers to those bodies which represent the general public or the purchaser.

At a recent discussion in Brussels between international textile workers and the Commission concerning a discussion document entitled "Guidelines for textiles in industry," we were surprised to find that consumer organisations in Commission language is, in reality, representation by large retail organisations whose sole aim is the complete liberalisation of the textile trade. This would mean the eventual decimation of the multi-fibre agreement and the end of large sections of the textile industry in the UK. I would suggest that these large retail organisations are not interested in the British textile industry or employment, but only desire the cheapest possible imports in order to pass on to the housewife a minute proportion of that saving, with the overwhelming saving going to the retail consortium itself.

Roger Beeson, 10-26a, Jamestown Road, NW1.

Today's Events

GENERAL
Mr. Gordon Richardson, Governor of the Bank of England, speaks at Society of Motor Manufacturers' and Traders' dinner, Grosvenor House, London.
Mr. John Smith, new Trade Secretary, speaks on UK trading prospects at London Chamber of Commerce lunch, Fishmongers Hall.
U.S. Secretary of State, Mr. Cyrus Vance arrives in Jerusalem for further peace talks, and Mrs. Meir's funeral—UK represented by Sir Harold Wilson.
Prince Charles addresses Industrial Society conference, London, on "Industry Matters—UK."

U.S. Treasury's sale in Germany of Deutsche Mark nominated notes worth between DM2.3bn and DM1.3bn.
OFFICIAL STATISTICS
Building Societies' receipts and loans for November.
PARLIAMENTARY BUSINESS
House of Commons: Proceeding on the Consolidated Fund Bill.
House of Lords: Agricultural Statistics Bill (consolidation measure); Electricity (Scotland) Bill (consolidation measure). Motions to approve European Assembly Constituencies (England) Order 1978, European Constituencies (Wales) Order 1978 and European Constituencies (Scotland) Order 1978. Arbitration Bill, second reading. Debate on the nation's failure to convince more young people that creative work in industry offers a vocational challenge.

Select Committee—Nationalised Industries, sub-committee A. Bucks, 11, Lidsstone, 81 West Smithfield, EC. 12, Safeguard Industrial Investments, 87 Eaton Place, SW. 12.

COMPANY MEETINGS
Final dividends: Thomas Borwick and Sons, Dobson Park Industries, Ransome Hoilmann Pollard, Trafalgar House. Interim dividends: James Latham, Montague L. Meyer, Moorzone Investment Company, Standard Chartered Bank, Sterling Industries.
COMPANY MEETINGS
Cedar Investment Trust, Winchester House, 77 London Wall, EC. 12, Dhamal, 17 Melville Street, Edinburgh, 12, Gomme Springs Gardens, High Wycombe, 11, Lidsstone, 81 West Smithfield, EC. 12, Safeguard Industrial Investments, 87 Eaton Place, SW. 12.

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Companies and Markets

UK COMPANY NEWS

Martin the Newsagent static second half

Marginally lower taxable earnings of £1.7m, against £1.5m in the second half left Martin the Newsagent showing a £0.2m advance in profit to £3.16m for the year to October 1, 1978. Sales were up from £94.96m to £76.52m.

At halfway, when the surplus was ahead from £1.5m to £1.58m, the directors pointed out that the results included the benefits of Easter trading, a larger part of which had fallen in the second six months of the previous year. They expected a satisfactory outcome at full time.

In the first nine weeks of the current year to December 3 sales improved by 16 per cent over the same period last time. Assuming industrial action affecting supplies is no worse than in 1977-78 the board forecasts a material increase in profits for 1978-79.

After higher tax of £864,000 (£504,000) earnings per 25p share were down 6.5p at 42.1p. Treasury consent has been received for the dividend payment which is raised from 8.6p to 7.37p net by the effect of 4.532p.

The company is expected to spend at least £2m on expansion during the current 12 months, mostly on the purchase of established stores with the balance

HIGHLIGHTS

Kawker Siddley has made a £40m agreed takeover for Westinghouse Brake, in cash with a share option, as part of the programme to invest its surplus cash. The property companies continue to fight the accounting rule on depreciation and have won another year's reprieve. Lex also takes a look at the problems of a Malaysian subsidiary of P&O. Elsewhere, Martin the Newsagent has had a poor second half with profits 3 per cent lower on a 17 per cent increase in sales. In contrast MAM's has turned in a better than expected second half thanks to the fruit machines and juke box activities and a strong showing on hotels. Whitecroft has performed in line with the forecast made at the time of the bid for Randall's.

being used on fitting out some 12 new sites and redeveloping six existing branches.

comment

Martin's profits look decidedly sluggish in the closing six months of its year. After the interim advance of 17 per cent on sales 15 per cent higher the second half has come up with a 3 per cent setback on a sales increase of 17 per cent. The latest six months looks even more uninspiring against NSS which managed profits growth of 15 per cent on sales 19 per cent up. One of Martin's problems is a throw back to the early seventies when it decided to expand some of its traditional newsagents into general stores. There are only 11 of them but they made a £100,000 loss—not surprisingly 6 are up for

sale. Otherwise Martin's problems are common to the sector. Volume is flat and price inflation has been insufficient to cover increased costs. Last newspaper production cost the company £20,000 and tobacco sales have probably been below average. Two years ago tobacco accounted for 44 per cent of sales and last year the figure was down to 36 per cent. Martin sounds confident of repairing its margins this year helped by price increases and physical expansion, so 1978-79 could produce £3.6m pre-tax. At 212p Martin's shares stand on a p/e of 5.3 and yield 5.3 per cent, while NSS rates a p/e of 6.3 and yield of 3.5 per cent. NSS can justify the difference on past performance with profits picking up at Martin and a better yield. It is that stock which might attract more interest.

MAM better than expected

GROWTH OF £0.4m to £2.24m in second half taxable earnings at Management Agency and Music took full-year profit to July 31, 1978 to a record £2.7m, compared with £2.33m previously. Turnover by the group, whose interests include the management of pop star Tom Jones was £2.65 higher at £16.62m.

The directors said at halfway, that the surplus, up from £0.48m to £0.54m, was as anticipated and they forecast a similar outcome for the year to the 1978-79 result. Tax, with the deferred element, restated in line with SSAP 15, was lower at £1.04m (£1.12m) leaving earnings per 10p share 7.3p up at 23.5p. A net final dividend of 4.285p lifts the total to 4.285p (5.51p).

Extraordinary items, comprising goodwill written off, again took £0.22m.

Turnover Share of Assoc. Pre-tax profit Tax Net profit Minorities Extraordinary debit

The strong second half performance by MAM topped most expectations. At the halfway mark directors said the full year figure would be in line with last year's £2.3m pre-tax. But a 60 per cent jump in profit contribution from the fruit machines and juke box activities plus the sale of the hotel business from last year's relatively low base pushed the final figure almost 20 per cent ahead of 1977-78. The growth is more impressive than the half comparison suggests because it occurred in a year in which contracts with singers Tom Jones and Engelbert Humperdinck were renegotiated. The contracts

were extended for three years at the cost of a lower proportion of their records and earnings. The shares moved up 5p to a high for the year of 112p yesterday giving a yield of 5.7 per cent and a p/e of 4.6.

Rowlinson dives to £108,000

A slump in half-time taxable profit at Rowlinson Construction Group has followed the directors' warning in July of a considerable fall in performance for 1978-79.

Reporting profit down from £603,900 to £108,200 for the six months to September 30, 1978, Mr. P. J. Rowlinson, the chairman, now states that second half performance should be similar to the first. This would leave the outcome some £0.78m down on last year's surplus of £1m. The main increase in shareholdings funds in the current year will come from property revaluations the chairman says. The net interim dividend is effectively maintained at 0.1823p per 10p on capital increased by the three-for-one scrip issue. Total payment in 1977-78 was 0.60625p. Last year the group building contracting division ran into losses and the directors are already narrow margins were depressed even further by wet weather in the second six months. The directors forecast the short-term next time the share price will be pushed up by an investment portfolio of industrial and commercial properties and were reluctant to dispose of some newly created leases.

Whitecroft on target at midway: sees profit rise

FOR the half year ended September 30, 1978, profits before tax of Whitecroft, at £2.48m, have matched the forecast given last month at the time of the offer for Randall's Group.

And the directors confirm the expectation that second half profits will not attain the same rate of increase as shown for the first six months but will show a material increase over the £2.25m pre-tax for last year.

Turnover Profit before tax Tax Extraordinary credit Minorities Amortisable Dividends Retained

The interim dividend is the expected 2.5p net per 25p share against 2.5p, and the directors are to pay the forecast final of 4.88p making a total of 7.38p against 6.7p previously. First half earnings per share are shown at 8.4p (8.3p).

The textile division has experienced a notable recovery in all sectors, particularly in companies concerned with consumer products, which have benefited from improved demand at retail level, the directors say.

The building and engineering supplies division shows continuing growth in builders' merchants' profits, but contribution from the engineering supplies company is lower mainly due to the initial costs of opening new branches.

The timber business in Northern Ireland continued to experience demand, especially from the public sector, resulting in a profit of some £100,000 less than in the equivalent period last year, although the situation is now improving.

All subsidiaries in engineering and construction enjoyed improved sales and profit.

comment

Stripping out Mobilite, the new acquisition, Whitecroft's first half

profits show a 16 per cent rise, thanks mainly to the sharp recovery in the textile companies which are responding to the upturn in consumer spending. In addition, engineering and construction activities are having a much better year now that long-making George Longden has been closed down. The only problem area at present seems to be the Belfast timber company which, because of low building activity in Northern Ireland, suffered a £0.1m downturn in the first six months. Here, the reported improvement will do little to bring this company near above break-even for the year. However, in spite of this and a big jump in interest charges—reflecting increased borrowings for the Mobilite and Randall's acquisitions—Whitecroft should make a full recovery this year to at least £3.4m. At this level the shares, at 105p, are on a prospective p/e of 3.5 (low tax charge) while the yield is 10.5 per cent.

Vickers da Costa chairman hits out at transfer tax

Mr. Ralph Vickers, chairman of the stockbroking company Vickers da Costa has attacked the 2 per cent transfer tax on securities.

The size of it puts Britain "yet again in breach of EEC regulations," he says.

The criticism appears in his chairman's statement in the report and accounts of Vickers da Costa issued yesterday. Operating profits of the public but unquoted company are up from £295,597 to £580,049 but net attributable profits are down.

"There is really nothing to be said in favour of this (transfer) tax," writes Mr. Vickers. "Not only does it clog the machinery for transferring securities by its antiquated method of collection, but it also tends to be a barrier to the free movement of capital."

Mr. Vickers adds that the transfer stamp has been one of many

factors driving the private investor away from the stock market. This has impaired the market, making it "excessively institutionalised" and "less attractive to the small investor."

On the young traded options market in London, Mr. Vickers hopes that representations by the Stock Exchange to the Inland Revenue will bring a "favourable result" in this market.

The operating profit of the company more than doubled in 1977-78 due to improvements in each of the three main areas: broker-ages, principal trading and financial services. The brokerage business

enjoyed high activity in London at the beginning of the financial year (September 1978) and in Hong Kong at the end. Market-making in foreign currency denominated Japanese bonds became increasingly well established.

But despite the trading improvement, attributable profits after tax were down. Exchange profits of the previous year were changed into losses of £170,000. And "differences in the pattern of where group profits were earned" and the exhaustion of various offsets meant a tax bill of £197,000 higher. The net attributable profit was £231,413 (£402,487).

No dividend will be payable despite the hopes voiced by Mr. Vickers in his statement last year. Apologising, he writes, "It is in the shareholders' interest to maintain the strongest possible balance sheet." The balance sheet shows net assets at £4.2m (£4.0m) and bank loans and overdrafts of £2.5m (£1.0m). A loan of £202,747 has been made as capital to the new Tokyo branch.

RIT over £2.5m at halfway

AFTER deducting expenses of £249,000 against £210,000 and interest of £451,000 (£358,000) revenue before tax of Rothchild Investment Trust rose from £2.07m to £2.54m in the half year ended September 30, 1978.

Franked income increased from £1.6m to £1.95m—unfranked amounted to £898,000 against £899,000.

Half year 1977-78 1978-79
Revenue 2,070,000 2,540,000
Interest 451,000 451,000
Expenses 249,000 249,000
Revenue before tax 2,070,000 2,540,000
Tax 451,000 451,000
Net revenue 1,619,000 2,089,000
Preference dividends 520,000 520,000
Attributable to ordinary 1,099,000 1,569,000

Basic earnings per share are shown at 5.4p (4.9p) and 5.4p against 4.5p fully diluted. Net asset values and the interim dividend of 2p (1.5p) have already been announced.

Last year's total payment was 7p and pre-tax revenue, £3.87m.

N. Brown maintains £300,000

REPORTING similar first-half taxable profit Mr. D. Alliance, chairman of N. Brown Investment, mail order group, says that the continuing customer recruitment campaign will hold profits in check for the whole year.

However the final outcome will, as always, depend on the peak weeks before Christmas. To date these are encouraging in most group companies. Added to this will be the impact made by the new spring/summer catalogues to be published in February.

On maintained sales of £7.61m (£7.62m), including credit charges on customer accounts but net of

Singlo and Empire postpone increases

BY JAMES BARTHOLOMEW

Singlo Holdings and Empire Plantations have postponed payment of the increased dividends which they forecast in September 1978.

In both cases Indianisation has delayed remittances from India said Mr. G. A. Whitaker, secretary to both companies yesterday. The dividends are not expected to be paid until January or February at the earliest, he said.

Fending off the Caparo bids, Singlo last year forecast doubled dividends amounting to 1.718p per share and Empire forecast trebled dividends of 1.98p per share. Both companies paid interim dividends in 1977 but

neither company has so far paid the promised, larger, final.

Neither company has paid any dividend at this year and Mr. Whitaker said yesterday that there was no chance that they would do so. The dividends would have to wait until the Indianisation question was complete, the annual reports and accounts, as well as remittances, are waiting on Indianisation, he said.

The Board of Empire said it saw "no reason why in future regularity from India," in a document advising rejection of Caparo's bid last year. It expected to hear from the Reserve Bank of India before the end of 1977.

Now shareholders have enquired or complained about the delayed dividends, said Mr. Whitaker yesterday.

Both companies will hold annual meetings this year (on December 29) as they are legally bound to do. But the Boards intend to adjourn the meetings immediately in the absence of reports and accounts.

Stag Line sees loss for year

Prospects next year for Stag Line are grim says Mr. N. J. Robinson in his annual report, and with rising freight rates, barely covering operating costs, the group will show a loss after loan interest and depreciation. Any dividend payment will only be considered when results for the year to October 31, 1979 are known, he says.

As mentioned in the half-year report, the directors have made application through Ship Mortgage Finance Co. to the Government for three-year moratorium on "Bogonia" capital repayments of the shipbuilding loan made under Section 10 of the Industry Act, 1972 and they are still in negotiation.

PHIT tops £1.1m in half year

REVENUE before tax of Property Holdings and Investment Trust increased from £1.04m to £1.17m in the six months to September 30, 1978, and net revenue was £570,000, against £450,000.

Earnings per 25p share are shown at 4.71p (4.11p). The interim dividend is lifted from 2.5p to 3p and a total of 7.3p is expected for the year compared with 6.305p previously.

For the half year there were also realised capital surpluses of £275,000 (£223,000) after tax, transferred to capital reserve.

Referring to the proposed expenditure on modernisation and exceptional repairs at Artillery House, SW1, and Harley House, Birmingham, the directors say it now appears that most of the cost will fall in the year to March 31, 1980, so that the cover for this year's forecast ordinary dividend will be similar to that of last year.

The board has again reviewed prospects and remains confident of increasing ordinary dividends in the immediate future by 10 per cent per annum.

With prices for the group has agreed to purchase two small properties in the West End at a total cost of just under £500,000, both of which complement existing properties.

would do as well, or slightly better, than the average of the industries concerned.

Several divisions were embarrassed by the load of orders and every effort was being made to increase productivity, members were told.

For the year ended July 1, 1978, pre-tax profits were a record £502,000, on sales of £12.46m.

Unaudited draft accounts of Assam-Doors Holdings and Western Doors Tea Holdings for 1977 indicate that the final results will be reasonably comparable to those of the previous year, the directors report.

They explain that as a result of the termination of agency arrangements it has not been possible to obtain detailed figures from India so as to complete accounts of subsidiaries in time to submit a report and accounts this year.

However these are now well in hand and it is confidently expected

that the final UK accounts for 1977 will be available early next year. The Board considers it is preferable to accept this delay

No approval of remittance of profits or other shareholders' funds has been received from the Government of India since this last circular to shareholders.

This restriction is now entirely due to the refusal of the Income Tax authorities to give a no objection certificate while there are outstanding claims for tax which the sterling tea companies are alleged to have failed to deduct from amounts paid to their UK Secretaries over the past 15 years.

The Board is making strenuous efforts to solve this dispute with the Indian tax authorities, in which the tea industry as a whole is involved and assistance has been received at official level.

The complete cessation of the flow of funds to the UK may create financial problems later next year. Therefore the directors propose that at this time only the Preference dividend should be paid and that declaration of dividend for ordinary holders should await the publication of the 1977 accounts, by which time information may be available from India regarding the remittance of past profits.

Tea companies accounts delayed

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Confidence at Lawtex

At the annual meeting of Lawtex, maker of clothing and umbrellas, Mr. G. M. Schaefer, chairman, said he was confident that during 1978-79 the group

Barclays Merchant Bank expands to £10.3m

FOR the year to September 30, 1978 Barclays Merchant Bank reports pre-tax profits ahead from £9.7m to £10.3m.

Mr. Deryk Vander Weyer, chairman, says corporate advisory activity has continued at a high level with some well publicised take-over situations. In addition the company has successfully completed a number of syndicated sterling loans. Additional executives are being recruited so that the company can maintain the impetus of its expanding business.

Demand from industry for finance has remained low, and despite the reintroduction of the "Corset" competition for available business is intense. Nevertheless the company's sterling medium term lending has increased by a net £22 million. Acceptance Credit facilities increased substantially during the

year and once again the company has improved its market share.

Keystone steady at £645,700

PRE-TAX REVENUE of Keystone Investment Company was steady at £645,712 against £653,134 in the year to October 31, 1978, on income ahead from £704,233 to £766,920.

The final dividend of 4.75p net (4.25p) lifts the total from 6p to 6.5p. Net assets value per ordinary share is up from 185p to 191p. Tax is down from £247,496 to £227,553.

DIVIDENDS ANNOUNCED

| Company | Current payment | Date of payment | Corresponding div. for year | Total for year | Total last year |
|----------------------|-----------------|-----------------|-----------------------------|----------------|-----------------|
| Barker and Dobson | 0.2 | April | Nil | — | Nil |
| N. Brown Investments | 0.83 | Feb. 16 | 0.83 | — | 2.51 |
| Careto Engineering | 1.69 | Feb. 1 | 1.32 | — | 3.02 |
| Marshall (London) | 4.29 | Feb. 21 | 8.66 | 6.27 | 5.61 |
| Martins (London) | 0.24 | Jan. 22 | 0.31 | 1.38 | 1.38 |
| Martin the Newsagent | 4.53 | Feb. 13 | 4.41 | 7.57 | 6.6 |
| May and Hassell | 1.05 | Feb. 5 | 0.94 | — | 3.04 |
| Whitecroft | 2.5 | Feb. 2 | 2.2 | — | 6.7 |
| PHIT | 3 | Jan. 28 | 2.5 | — | 6.6 |
| Alfred Frey | 0.71 | Feb. 19 | 0.38 | — | 2.85 |
| Rowlinson Constrats | 0.18 | — | 0.18 | — | 0.61 |

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity. § Total of 7.48p forecast confirmed. ¶ Total of 7.3p forecast. †† Plus additional 0.025p now declared.

Jones Lang Wootton provide as part of their valuation service "Depreciable Amounts" for property assets under SSAP 12.

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مكزاس الجليل

NORTH AMERICAN NEWS

Fourth quarter improves year earnings at Carrier

BY STEWART FLEMING

CARRIER CORPORATION, the leading U.S. heating and ventilating equipment producer, has reported a 10 per cent increase in earnings for the fourth quarter, which ended on November 30. The company also disclosed that the U.S. Justice Department is planning to appeal against a Federal Court decision on November 30 denying Carrier a preliminary injunction against the United Technologies bid, aimed at blocking the transaction.

Since that Court decision, Carrier shareholders have tendered some 19m shares to the United Technologies, well over quarter orders up from \$371m the 17m it was seeking in its tender offer for 45 per cent of the equity. United Technologies, which is barred from paying for the shares at \$28 a share and so completing the initial phase of its takeover bid by a Court interim

injunction issued to allow Carrier (and the Justice Department) time to appeal against the November 30 judgement.

Carrier's results for the year show an increase in net income to \$10.1m from \$9.2m in 1977, a 9.7 per cent rise well in advance of forecasts being made by some that the U.S. Justice Department Wall Street analysts.

The big increase is partly the result of a particularly strong fourth quarter, which saw net income increase from \$2.5m to \$3.1m. The company also disclosed that it is experiencing a big increase in orders, with orders booked for 1979 totaling \$2.2bn compared with \$1.5bn in 1977, and fourth quarter orders up from \$371m to \$424m.

This buoyant picture of the company's current trading, which is barred from paying for the shares at an exit price of only 8.25, seems likely further to irritate Carrier shareholders, who fell

GTE in agreed takeover of Telenet

STAMFORD—General Telephone and Electronics Corporation (GTE) and Telenet Corporation have agreed in principle to merge Telenet into GTE in an exchange of stock valued at about \$50m based on current prices.

GTE has also agreed with holders of 35 per cent of Telenet's stock to acquire those shares in an exchange of 7,652 shares of GTE for each Telenet share.

The agreement also provides for the remaining holders of Telenet stock to receive 0.7652 GTE shares for each Telenet share tendered.

Telenet, traded over-the-counter, has 6.5m common shares outstanding.

The company provides public packet switched data communications services that allow a wide variety of computers and data terminals to communicate efficiently.

It expects 1978 sales of about \$9m.

Bolt Beranek and Newman, in a separate statement, said it holds about 24 per cent of Telenet's shares.

Under the proposed transaction, Bolt Beranek said it will receive 503,729 GTE shares for its 658,298 Telenet shares.

Based on the closing price of the stock on December 8, which was \$28.61, Bolt Beranek said its gain from the transaction will be about \$10m or 71.3 per cent.

The proposed exchange of shares is expected to be made on a tax-free basis.

Reuter

Litton shows some optimism

RESULT IN SECOND QUARTER LITTON INDUSTRIES, a Los Angeles-based aerospace and electronics company, reported a 10 per cent increase in earnings for the second quarter, which ended on October 31, compared with the same quarter a year ago.

Mr. Fred W. O'Green, the president, said after the annual meeting that the company expected "no surprises."

In last year's second quarter, Litton had a loss equal to 17 cents a share, after currency adjustments. Mr. O'Green could not predict the effect of currency

adjustments for the second quarter of this year.

However, Mr. Charles B. Thornton, the chairman, told the meeting that the U.S. dollar has recovered since the end of the first quarter and that so far in the second quarter Litton would show a gain from currency adjustments.

In the first quarter, Litton earned 75 cents a share from operations, up from 50 cents last year. However, currency adjustments reduced earnings by 54 cents this year and 12 cents last year.

For fiscal 1979, operating earnings would be higher than the 1978 earnings.

Mr. Thornton said that the company's earnings per share for the second quarter were \$0.75, compared with \$0.50 a share in fiscal 1978, which was before a loss of 33 cents a share from currency adjustments and a loss of \$4.75 a share from the settlement of a U.S. navy contract.

Sales for fiscal 1979 would be "up" from the \$3.65bn in fiscal 1978.

Litton's shipbuilding unit would show about a \$300m drop in 1979 sales due to completion of several building programmes.

However, this sales decline would be more than offset by gains in other divisions.

The shipbuilding division would be a contributor to fiscal 1979 earnings.

Brascan earnings fall by a fifth

BY OUR FINANCIAL STAFF

BRASCAN, THE Canadian investment management company, with interests in utilities and mining, experienced a 20 per cent drop in its net income in the third quarter.

Earnings for the period totalled \$3.8m against \$5.2m equivalent to \$1.06 per share compared with \$1.33.

The company said that net income from its electric light utility in Brazil was down from \$104.5m to \$87.5m in the third quarter, though its total energy sales were \$8.8bn, a 10 per cent rise from the \$8.0bn in the second quarter.

Income from the group's Canadian investments was also lower at \$1.6m against \$1.9m a year ago.

During the first nine months of the year, Brascan's earnings came from its electric light utility in Brazil was down from \$104.5m to \$87.5m in the third quarter, though its total energy sales were \$8.8bn, a 10 per cent rise from the \$8.0bn in the second quarter.

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FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change | Yield |
|-----------------------|--------|--------|--------|--------|-------|
| Alex. 1981 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1981 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1982 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1983 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1984 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1985 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1986 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1987 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1988 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1989 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1990 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1991 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1992 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1993 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1994 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1995 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1996 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1997 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1998 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1999 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 2000 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change | Yield |
|-------------------------|--------|--------|--------|--------|-------|
| Amstar 1981 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1982 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1983 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1984 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1985 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1986 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1987 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1988 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1989 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1990 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1991 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1992 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1993 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1994 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1995 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1996 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1997 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1998 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1999 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 2000 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change | Yield |
|-----------------------|--------|--------|--------|--------|-------|
| Amstar 1981 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1982 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1983 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1984 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1985 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1986 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1987 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1988 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1989 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1990 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1991 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1992 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1993 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1994 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1995 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1996 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1997 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1998 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 1999 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |
| Amstar 2000 | 12/15 | 95 1/2 | 96 1/2 | +1 1/2 | 9.94 |

Occidental bid for Mead halted

By David Lucelles

OCCIDENTAL Petroleum was temporarily halted this week in its \$1bn takeover bid for Mead Corporation, the forestry products company.

The bid, made in the Dayton, Ohio, district court, was in response to the combined objections of Mead and the Justice Department to Occidental's bid.

The court has granted a temporary restraining order, barring Occidental from seeking its shareholders' approval for the proposed exchange offer for Mead's stock. This order, which can be extended to the end of the year, effectively freezes the bid for the time being.

Judge Carl Runa stressed, however, that this order is not intended to be an expression upon the merits of this matter. But he added that it had been granted to preserve the status quo while the court hears the arguments.

The bid, which was announced on November 14, was for 100 per cent of Mead's common stock for \$1.00 a share, plus \$1.00 in cash for each share.

The bid was made by Occidental Petroleum, which is a subsidiary of Occidental Petroleum Corporation, a company controlled by Occidental Petroleum Corporation.

The bid was made by Occidental Petroleum, which is a subsidiary of Occidental Petroleum Corporation, a company controlled by Occidental Petroleum Corporation.

Dana well ahead

Dana Corporation, the motor component manufacturer, has increased its quarterly dividend by 2 cents to 35 cents a share, reports Reuter from Toledo.

Net earnings for the first quarter have risen from \$3.1m to \$4.1m or from \$1.05 to \$1.35 a share. Sales moved up from \$48m to \$57m.

LTV dividend

The directors of LTV Corporation have declared a quarterly dividend of 65 cents a share on the new \$2.50 Series B cumulative convertible preferred stock issued in connection with its merger with Lyskes Corporation.

Reuter reports from Dallas.

Wheelabrator-Frye

Wheelabrator-Frye has increased its quarterly dividend to 20 cents from 15 cents a share on its common stock.

Reuter reports from Hampton.

The company has also approved a regular quarterly dividend of 50 cents on its Series B cumulative preferred stock.

Heinz dollar plans

H. J. Heinz is "acting prudently" to protect itself against value fluctuations in the value of the dollar, the chief executive officer of Heinz Foods, reports Reuter from New York.

In the first half of this year, Heinz earnings of \$49.5m included currency translation losses totaling \$2.6m.

City Investing, Uarco

Uarco and City Investing jointly announced today the execution of a definitive merger agreement providing for the merger of Uarco with subsidiary of City Investing, reports AP-DJ from New York.

In the merger each shareholder of Uarco will receive \$52 per share cash.

Brown Group up

Net earnings for the Brown Group, the shoe manufacturer and retailer were up to \$33.5m or \$4.55 per share from \$27.1m or \$3.71 per share for the first quarter ended October 23.

AP-DJ reports from New York.

Sales improved to \$984m from \$891m. The fourth quarter earnings increased to \$11.2m from \$9.5m, whereas sales for the period were higher at \$282.4m compared with \$249.6m.

Merrill-Amic merged

Merrill Lynch and Amic Corporation jointly announced that in connection with the pending merger of Amic with a subsidiary of Merrill Lynch, Merrill is beginning the purchase of up to 15 per cent of the outstanding shares of Amic common stock, reports AP-DJ from New York.

FOREIGN BANKS IN MEXICO

A time for more flexibility

BY WILLIAM CHISLETT IN MEXICO CITY

THE IDEA of creating an international financial centre in Mexico has been aired, with Parliament studying a draft law. But it is most unlikely that the measures decided upon will in any way put Mexico on a rival footing with its nearest offshore centre in Panama.

Nevertheless, the first tentative steps are being taken to permit foreign banks, whose function at the moment is confined to establishing representative offices, to operate with a little less restriction.

The banking system in Mexico, a developing country with a population of some 65m, is not yet ready to be opened up completely, and so remains highly protected. But the Bank of Mexico does feel now that with the worst of the economic crisis over, following the 1976 devaluation of the peso, the time has come to be more flexible.

There are 98 foreign banks in Mexico with representative offices including many major banks, and while they are taking a keen interest in the law, they are showing little enthusiasm for the details which have so far become known.

Under the proposed law, foreign banks would be allowed to turn their representative offices into offshore branches and deal only in extra-territorial activities. This would mean that they could get deposits only from non-residents in Mexico (ie non-Mexicans) and people living outside the country and make loans in the same categories. But anything which would smack of competition for the Mexican system, like loans to Mexican companies, is not contemplated in the law—or if it is, then it is being kept a closely guarded secret.

When details first began to be reported in the Mexican Press giving the misleading impression

that foreign banks might be able to enter into competition with national banks, the shares of several leading private banks fell in apprehension. With affirmations to the contrary, banks have regained their confidence.

The general impression among foreign bankers seems to be that

the reaction of foreign bankers and then possibly modify the draft law accordingly. But this is unlikely, given the highly nationalistic image of Mexican governments not bowing to foreign pressures.

There is also a suspicion that the government could be drafting a law to permit greater flexibility.

Under a proposed new law, foreign banks in Mexico would be able to turn their representative offices into offshore branches and deal only in extra-territorial activities. This would mean that they could get deposits only from non-residents in Mexico and people living outside the country and make loans to the same categories.

Unless the law offers them more incentive than at present there is little point in the law. For example, the draft law does not even contemplate allowing offshore branches to make loans to foreign subsidiaries in Mexico or to Mexican companies involved in export programmes. These exemptions could have been granted without posing much competition for the Mexican system.

Clearly, the status granted in Panama to offshore branches could not happen in Mexico without boxes of protest from American banks and foreign bankers understand this. The government of Panama grants offshore branches income-tax exemptions for offshore business—no taxes levied on interest from domestic or offshore accounts—and no limits on interest rates—none of which is mentioned in the draft law.

On the other hand there is a feeling that the government could be floating the idea to

has made a good recovery in the past two years. The President, Sr. Jose Lopez Portillo, reported in September that the 241 per cent rise in deposits in the first half of the year was "without historic precedent."

In September peso deposits stood at \$1.8bn pesos (\$3.5bn) and dollar deposits at \$308m.

The process of "dollarisation" which greatly accelerated after the devaluation when an estimated \$4bn of capital left the country and many people put their money into dollars and not pesos has considerably slowed down. The Bank of Mexico reported in November that 92 per cent of the deposits in September were in pesos and only 8 per cent in dollars.

Primary international monetary reserves reached \$2.71bn on August 31, an increase of \$847m over the previous level in March. This is the highest level of primary reserves yet attained. Mexico also had \$1.828m in secondary reserves.

Some of the inflow of Pesos must be attributed to the return of probably as much as half of the capital which left Mexico in 1976. The other half, though, is unlikely to return. The newly restructured interest rates of up to 18 per cent a year have had the desired effect of attracting many Mexicans to put their money into peso deposits.

At the beginning of November the Bank of Mexico announced that the interest rates on dollars could no longer exceed the rates obtainable on the Eurodollar market. Hitherto, rates on dollar deposits in Mexico had been higher than those abroad.

The bank at the same time narrowed the gap between short and long term deposit rates. The central bank feared that with the recent sharp increase in Libor rates this could affect the dollarisation process again.

EUROBONDS

\$100m floater for BfG

BY FRANCIS GHILES

THE Bank fuer Gemeinwirtschaft will float a \$100m floating rate Note with a minimum coupon of 51 per cent through European Banking Corporation. The maturity of this issue will be ten years, extendable at the investor's option to 14 years.

The borrower will pay interest rate of 1 per cent above the London interbank rate.

The international bond markets were fairly featureless yesterday, prices did fall by about one-half to five-eighths of a point on dollar denominated bonds, but some dealers said that the weakness of the U.S. currency was not necessarily a major factor. "It is the beginning of the silly season," noted one dealer, who described the trading as very professional and said that the price movements of certain bonds were very difficult to explain. Others commented that the conflicting trends in the U.S. and Eurodollar


bond markets, which had been a feature of last week's trading, was finally catching up with the Eurobond sector.

Trading in the Deutsche-Mark sector was very thin with prices unchanged. The success of the Republic of Brazil issue being arranged by Deutsche Bank was underlined when the issue was increased from an indicated DM100m to DM150m.

Initial reaction to the 31 per cent coupon on the latest Japanese convertible for Omron Tateisi, was cautious.

Many German bankers were arguing that a rise from the recent norm of 31 per cent to 4 per cent was necessary to inject some vigour into the Japanese convertible sector. The Deutsche-Mark tranche the Carter bonds are expected to be announced today. This operation is expected to come in two tranches, one with a three year maturity.

This announcement appears as a matter of only.



Republic of Panama

Kuwaiti Dinars 6,000,000

8½ per cent. Notes due 1990
(redeemable at the option of the holders in 1985)

Kuwait International Investment Co. s.a.k. **Merrill Lynch International & Co.**

Algemene Bank Nederland N.V.
(Bahrain Branch)

Banque de Paris et des Pays-Bas
(Bahrain Offshore Branch)

Banque Nationale de Paris

Citicorp International Bank Limited

Credit Lyonnais

Libra Bank Limited

Norse Securities A/S
(A Division of Sparebankk Oslo Akerhus)

Union de Banques Arabes et Françaises—U.B.A.F.

Abu Dhabi Investment Company **Arab Bank Ltd (OBU Bahrain)**

Kuwait International Finance Co. (KIFCO) **Kuwait Real Estate Bank K.S.C.**

Akroyd & Smithers Limited

Arab Finance Corporation S.A.L. **The Arab and Morgan Grenfell Finance Company Limited**

Bankers Trust International Limited **Bayerische Vereinsbank International Société Anonyme**

Byblos Arab Finance Bank (Belgium) S.A. **Byblos Bank S.A.L.** **Den Norske Creditbank**

European Arab Bank **Gulf Riyad Bank** **Kuhn Loeb Lehman Brothers International**

Kuwait Financial Centre S.A.K. **Manufacturers Hanover Limited** **National Bank of Abu Dhabi**

Nederlandse Creditbank N.V. **Riyad Bank Limited**

J. Henry Schroder & Co. S.A.L. **Société Arabe Internationale de Banque (S.A.I.B.)**

Union de Banques Arabes et Européennes—U.B.A.E. Société Anonyme **Wood Gundy Limited**

November 1978

INTL. COMPANIES and FINANCE



Rembrandt, 'Self-portrait' (1631); Rijksmuseum, Amsterdam.

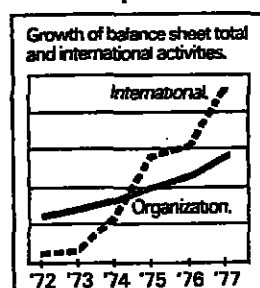
Rembrandt country is Rabobank country.

Rembrandt found his inspiration in Holland, yet created art with a worldwide appeal. The Centrale Rabobank also finds its inspiration in Holland... yet increasingly provides services in the world at large.

With a strong agricultural background, the Centrale Rabobank heads a cooperative banking organisation with over 3100 offices and a combined balance sheet total exceeding 61 billion Dutch guilders (in excess of US \$ 26 billion) in 1977. This makes the Rabobank not just one of the largest banks in Holland and one of the 35 largest banks in the world, but also a bank with deep roots in almost all sectors of Dutch economic life.

The Centrale Rabobank is now expanding worldwide with a full range of banking services. To accelerate this expansion, we recently co-founded the "Unico Banking Group", linking us with five

other major European cooperative banks. This, together with the support of London and Continental Bankers Ltd., has strengthened our operations by giving international clients unparalleled on-the-spot service.



In addition, we are active in the Euro-currency and Euro-bond markets. Our international transactions in foreign currencies, Euro-credit loans and participation in new issues, are showing a remarkable growth.

Centrale Rabobank, International Division,
Catharinesingel 20, P.O. Box 8098, Utrecht,
The Netherlands. Telephone 030-36260. Telex 40200.

Rabobank
Dutch Masters in Banking.

CORRECTED NOTICE

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY



EMPRESA NACIONAL DE ELECTRICIDAD S.A.

U.S. \$ 25,000,000
TEN YEAR FLOATING RATE LOAN

Managed by BANQUE LOUIS-DREYFUS
Provided by BANQUE BRUXELLES LAMBERT S.A.
BANQUE OF AMERICA NT & SA
BANQUE LOUIS-DREYFUS
BANQUE DE LA SOCIÉTÉ FINANCIÈRE EUROPÉENNE
SFE GROUP
BARCLAYS BANK INTERNATIONAL LIMITED
THE ROYAL BANK OF CANADA (FRANCE) S.A.
THE SUMITOMO BANK LIMITED
Agent
BANQUE LOUIS-DREYFUS

SEPTEMBER 1978

This announcement appears as a matter of record only.

December 7, 1978

\$131,774,000

American Airlines, Inc.

\$41,000,000 Equipment Trust Certificates due June 1, 1989
\$90,774,000 Equipment Trust Certificates due June 1, 1994

The Equipment Trust Certificates are being issued to finance a portion of the purchase price of two McDonnell Douglas Model DC-10 aircraft and nine Boeing Model 727-223 aircraft to be leased by a trust to the Company.

The undersigned acted as financial advisor to the Company in connection with this financing.

Bankers Trust Company



U.S. COMMERCIAL PAPER

British Gas debut in New York

BY JOHN EVANS

BRITISH GAS yesterday completed arrangements to clear the way for its first commercial paper in New York. It is the first UK state enterprise to offer, with Government guarantee, these short-term money market instruments in the U.S.

The state agency signed in London yesterday the \$250m Eurodollar standby facility, which will back-up its commercial paper activities. Such supporting back-up bank lines are normal procedure in raising commercial paper finance.

British Gas has received a provisional prime rating for its planned commercial paper issues. Moody's has awarded it an A-1 rating and Standard and Poors its P-1 rating, both equivalent to a triple-A bond assessment.

Officials of British Gas indi-

cate that the agency proposes to start its commercial paper programme very shortly, and the first issues will begin before Christmas.

This will match the corporation's own peak period for short-term cash borrowing needs, which occurs in December to March period, officials said.

British Gas buys in North Sea gas early in the winter to meet seasonally heavy consumer requirements, but generally does not receive consumer payments until later in the year.

However, it was stressed that as the first large UK public sector borrower to tap commercial paper, British Gas will build up its borrowing programme carefully to the full \$250m figure.

In fact, there is some optimism that British Gas can offer a commercial paper on relatively

more favourable terms than Electricite de France, the French state agency which has been the main foreign borrower of commercial paper so far.

EDF has some \$1.3bn of commercial paper outstanding. It is felt that with British Gas's relatively small offering programme, it can obtain relatively

Prime-rated U.S. corporate paper of 90 days maturity is currently selling in the region of 10 per cent on a discounted basis. In British Gas's case, it is hoped to offer its paper as close as possible to that level.

EDF is currently selling its own paper, in the same maturity range, at around 10.375 per cent. In a statement yesterday, British Gas said that commercial paper would represent a cheaper source of short-term dollar finance than the Eurodollar market, and it would thus obtain

a lower dollar interest rate than with normal Eurodollar borrowings.

The \$250m standby facility has been arranged by Barclays Bank International and National Westminster, with support from Bank fuer Gemeinwirtschaft, Sumitomo Bank and Union Bank of Switzerland.

The U.S. dealers for the commercial paper will be Goldman Sachs, and the issuing agent Bankers Trust Company.

Other British issues in commercial paper to date have been made by BP, ICI and Consolidated Gold Fields Group.

As the cost of Eurodollar finance has soared in the wake of recent U.S. measures to tighten credit, it is thought that European corporations will display more interest in future in launching commercial paper as a relatively cheap method of securing dollar finance.

Warning on profits by Berliner Bank

BERLINER BANK reports that profits during the first 10 months of 1978 rose almost 10 per cent to DM 70.7m (\$37m) compared with the same period in 1977.

However, it warns in an interim report that the continued narrowing of interest rate spreads may mean that the same trend is maintained for the final two months of this year.

The bank, which is owned by the West Berlin city government, achieved increased earnings on all major areas of its business. Despite the narrowing of spreads, profits from credit business rose by DM 13.5m, thanks to further steady expansion of the volume of lending.

There was an 8.4 per cent increase in the volume of business from DM 5.8bn to DM 6.3bn, with both private customers and commercial borrowers contributing.

The bank reports that in the commercial sector, demand was strongest for short-term loans, while private customers were taking on both lines of credit and mortgages.

New Swedish state bond

LIKE ITS immediate predecessor, the latest public bond from the Swedish Government will be issued in two tranches spread over ten years. The issue will be the ninth by the State this year.

The new bond will carry a coupon of 9.75 per cent and be priced at par. One tranche will carry a fixed interest rate and the other an adjustable coupon. Subscriptions are open until Friday.

Under regulations introduced late last year, Swedish bonds can now carry coupons adjustable after every five years if the then valid long-term rates have changed by at least one point either way. The first tranche of the new bond, valued at SKr 8.2bn (\$1.4bn) in fixed rate paper and SKr 1.7bn in variable rate bonds.

Total Swedish State long-term funding this year has raised SKr 20bn (\$4.5bn) in the public market.

Shareholders to probe Volvo's Norwegian link

The Federation of Swedish Shareholders (SARF) has appointed a committee to analyse the implications of the final deal between AB Volvo and Norway, signed in Oslo last week. Reuter reports from Stockholm, SARF, whose members hold around 30 per cent of the voting rights in Volvo, will announce its view in time for the Volvo extraordinary meeting called for January.

In evaluating the deal shareholders must put great weight on Volvo's future business prospects and capital needs. The decisive factor is long-term development, SARF emphasises.

Isorel shareholders to vote on restructure plan

BY TERRY DODSWORTH

RE-ORGANISATION plan aimed at setting Isorel, the troubled subsidiary of the French Nobel-Bozel group, on a sounder financial footing has been accepted by the Commercial Court of Paris and will be put to shareholders in a meeting in the middle of next month.

In essence, the plan will involve Nobel-Bozel, a metallurgy, chipboard and paint concern, selling off about a third of its other interests in support of Isorel, which is also divesting itself of some activities.

M. Claude-Alain Sarre, brought

Swiss caterer in U.S. deal

By John Wicks

SWISS catering group Moenpick Holding has signed a management and operations contract to set up the first restaurant in the International Moenpick chain in the U.S.

The contract will be carried out by the newly-formed U.S. subsidiary Moenpick and Foreigns. The company is a joint venture with a 140-bed hotel and a sports and leisure centre located near Hanover, New Jersey.

The new U.S. subsidiary, which has no investment in the Hanover project, will also be responsible for planning and implementing further expansion.

VOESLAUER KAMMGARNFABRIK

Losing the fight for survival

BY PAUL LENDVAY IN VIENNA

THE OPENING of formal bankruptcy proceedings against the Voelslauer Kammgarnfabrik, one of Austria's oldest textile companies, marks a turning point in post-war Austrian industrial history. The fact that the country's number one bank, the Creditanstalt Bankverein, despite a 60 per cent holding in Voelslauer took the lead in revealing the hopeless situation of the company, is an even of great importance in the small world of Austrian business where the iron law of competitiveness counts less than family and club ties.

Creditanstalt took a controlling interest in the summer of 1976, but its involvement began in 1976 when the government and the then majority owners, the Schoeller Bank, launched a large-scale operation to save the old-established producer of worsted yarn and fabrics.

These efforts are estimated to have cost the banks and the Austrian taxpayer some Sch 1bn (\$75m). It was announced a few days ago that if the company continued to operate, further losses to the tune of Sch 500m would have accumulated by 1980.

In a very real sense, the

tortuous history of the Voelslauer shows how difficult it is for both a socialist government and a family concern to face up to the unpleasant fact, namely that it is sometimes cheaper to liquidate a losing company than to pump money into a hopeless venture.

The socialist government was willing to help the Voelslauer in the early seventies when it became evident that after heavy losses the company on its own was unable to survive. As a first

step, Voelslauer was merged with two other companies, Micholzer and Piering. Through these transactions Creditanstalt first became a minority shareholder with an interest of 23 per cent in 1976.

By 1978 however the situation had worsened. Optimistic forecasts by Swiss and Swedish management consultants that the new concern would be in the black by 1978 were not borne out by subsequent developments.

Between 1976 and 1978, the company's accumulated losses reached the (by Austrian stan-

dards) staggering total of Sch 600m. New capital was provided by the Federal State through various state controlled funds and development banks and by the Creditanstalt. In turn the state-controlled Creditanstalt acquired a majority holding in mid-1978, while the holding of the Schoeller Bank and the Schoeller family members has been correspondingly reduced.

Meanwhile, the operations to save the ailing textile group, whose production staff has been

halved to 1,200 became entangled in Austrian politics. The west Austrian textile industrialists, primarily those in the Tyrol and Vorarlberg, were alarmed at the prospect of a federal help for a competitor in the east.

The fact that the chairman of the Voelslauer-supervisory Board, at that time and now, was also the president of the Austrian Industrialists' Association provided another crucial part of the political and psychological background.

In November, 1977, a new chief executive, Herr Georg Angerer, took over the company's reins. However, both time and money were running out. It has been calculated that output per head in the textile plants of western Austria is about 30 per cent higher than the productivity of the Voelslauer group.

It is now expected that some 800 of the 1,200 employees will lose their jobs. It is also evident that an earlier closure of the plant, in a period of unwinning, would have been better for everyone concerned that the ambitious saving schemes which, in the final analysis, only prolonged the agony of what is now regarded as an "industrial monument of a bygone age."

For many years Voelslauer was run by the grand old man of Austrian business, the late Dr. Josef Mayer-Glinthof, who was also the long-time president of the Industrialists' Federation. Small wonder that the plant of Voelslauer was always regarded as a special case.

Yet the facts of life proved the stronger than the traditions of great names and family bonds. In this sense, the end to the sacred theory of "unsinkable ships" may yet emerge. In retrospect, as a salutary shock, which is bound to accelerate rather than slow down Austria's adaptation to world economic realities.

مكازم الاخيل

Dividend increased by ICI Australia

ICI AUSTRALIA, the chemicals, plastics and synthetic fibres group, has raised its dividend after a 42.7 per cent boost to group net profit from \$531.59m to \$555.52m (U.S.\$551.1m) in the year to September 30. The result was achieved on a sales increase of only 5 per cent, from \$475.8m to \$481.9m (U.S.\$480.3m).

The ordinary dividend is increased from 14 cents a share to 16 cents, and is covered by earnings a share of 34.5 cents on capital increased last year by a two for five rights issue. The trading profit rose only 9.5 per cent from \$370.9m to \$407.6m (U.S.\$388.2m). The major factor in the profit increase was a dip in the tax provision despite higher earnings, from \$125.1m to \$122.45m. This reflected increased investment allowances on capital spending.

The directors said that business activity was generally subdued but that trading profits of many sections improved as a result of continuing effort to raise efficiency. Sales of heavy chemicals, commercial explosives and plastics increased, and with the advent of good seasonal sales, sales of agricultural products showed an upward trend towards the end of the year. Improved production efficiency enabled the listed subsidiary, Australian Fertilisers to raise earnings by 10 per cent.

The synthetic fibres business returned to profitable operation as a result of product rationalisation, improved production efficiency and a more stable environment following the Federal Government's decision to limit textile imports.

Stelux makes heavier loss after impact of dollar slide

BY OUR FINANCIAL STAFF

STELUX MANUFACTURING, the Hong Kong-based watch company, sunk deeper into the red last year, producing a group net loss after extraordinary items of HK\$61.4m (U.S.\$12.5m) compared with a small deficit in the previous year to March 31.

The company, which has a large stake in Bulova Watches of the U.S., said its watch production activities made heavy losses as a result of the slide in the dollar earlier this year.

While relying to a large extent on imports from both Switzerland and Japan, Stelux invoices its products in dollars. It is paying no dividend for 1977-78 after a 10 cents payout the previous year.

Stelux did say, however, that it made a profit in the latest

six months to September 30 of just under HK\$ 7.9m. No comparison is available for last year's first half. It is still not resuming the payment of an interim dividend.

Based on recent changes in currency rates, which the company regards as favourable for its business, expected exchange losses for the second half of the year could be cut by more than HK\$ 6m. Watch orders were showing encouraging growth signs, it noted.

The company said that the extraordinary items which burdened last year's results comprised various investment write-downs, subsidiaries.

Last March, the company said that it expected to make a profit

Jack Chia purchases stake in local property company

BY H. F. LEE IN SINGAPORE

JACK CHIA-MPH has acquired an 8 per cent stake in the local property group, Malayan Credit. The purchase of the 5.23m shares in Malayan Credit at a total cost of \$57.85m or \$11.494 per share, was financed largely from the sale of 8.1m shares in Jack Chia Enterprises (Malaysia) Berhad under the Malaysianisation scheme.

The sale of the shares brought in \$37.7m including an exceptional gain of \$9.4m after deducting expenses.

Jack Chia's acquisition of Malayan Credit shares which took the market by surprise came on the back of the group's disclosure of a sharp decline in interim profits.

Pre-tax profit fell by 32 per cent to \$81.8m while post tax profit declined to an even higher rate of 45 per cent to \$80.95m.

Turnover, however, went down by only five per cent to \$830.53m. Jack Chia puts the blame for its disappointing performance on its timber division in which it

had a 50 per cent interest. The group's share of loss in the timber business amounted to \$3440.505 against a pre-tax profit of \$81.03m for the same period last year.

However, its two fairly recent acquisitions, Tung Yuan Enterprises which operate an entertainment and recreation complex in Singapore, and hotel Tai-Pan, contributed to the group profit.

Tung Yuan reported a pre-tax profit of \$5847.950 for the six-month period while Hotel Tai-Pan contributed \$5237.611 for the three months from July 1 this year.

Investment earnings improve at Mehadrin

MEHADRIN—which controls 1 per cent of Israel's citrus sector—reports an 80.4 per cent rise in its net profit for the fiscal year 1977-78, ended March 31, to 1230m (\$1.71m). Pre-tax profits at 119.6m were up 82.8 per cent. Proportionately the sharpest rise in income was from the company's investments in securities, which soared 133.9 per cent to 122m before tax. The company is responsible for cultivation and picking of its own groves, has its own packing facilities and also supplies cultivation and packing services for clients. In addition, it has its own citrus processing facilities.

Supreme Corporation profits plunge

PROFITS AT Supreme Corporation, the Malaysian plantation, housing and mining group, took a plunge from ringgits to 1.1m ringgits (U.S.\$255,000) for the year ended June 1978.

The group attributed the fall in profits to the closure of its mines at Sungai Way, outside Kuala Lumpur, August last year, after the exhaustion of its reserves.

Most of the profits for the last financial year came from housing, and its oil palm plantation in Johore State made a small loss. However, the plantation is expected to contribute to profits when trees mature in 1980.

YEN REDENOMINATION

A political adjustment

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

REDEMOMINATION of the yen—known locally as "denomi"—has been expected to be introduced in Japan's order of priorities as a result of the election of Mr. Masayoshi Ohira as the new Japanese Prime Minister. Mr. Ohira, who is cool to the idea of denomi (apparently because of its high expected cost) replaces Mr. Takeo Fukuda who was enthusiastic about the idea because of the stimulus that redenomination would have provided to some sectors of the economy.

The Ministry of Finance, from which both Mr. Ohira and Mr. Fukuda originally graduated into politics, also belongs to the anti-denomi school of thought, so for the time being action of the issue seems unlikely.

The two main arguments which have been advanced in favour of early redenomination of the yen are—

1—That Japan has a currency with a low unit value by world standards (the lowest in fact of any major currency apart from the Italian lire).

2—That, if redenomination is to happen at all, the task should be tackled sooner rather than later (because the costs of the changeover will escalate with increasing computerisation).

In addition to these basic arguments it has been calculated that the conversion exercise, extending over a two-year period might generate at least ¥700bn (\$3,533bn) worth of additional domestic demand because of the stimulus that would be given to industries such as printing, non-ferrous metals (for the minting of coins), vending machines, computers and other sectors.

The inflation-producing impact of re-denomination (result-

ing from the incentive to round up prices) naturally causes worries, but Japan's wholesale price index is running below the level of one year ago while the rate of increase in consumer prices has been tending to decline.

Mr. Fukuda's support for denomi combined with the vested interest of big business in the subject was had a three-tier currency system.

Other reasons for three digit rather than two-digit redenomination cited by the group include that fact that Italy will probably select a three-digit format when it redenominates the lire. The operation also has to produce a system which will endure and a three-digit redenomination would restore the yen's value roughly to what it was in 1936 when Japan last reflected in the formation of a system.

Apart from its potential impact on Japan's economy as a whole, denomi would be certain to affect the fortunes (and stock prices) of printing companies and of manufacturers of the whole wide range of office and vending machinery where the value of the basic unit of currency is a factor in design.

The high hopes for the re-election of Mr. Fukuda which were cherished in the business world (and on the stock market) up to early November produced equally high quotations for the share prices of some companies in these categories.

From late November onwards, however, when it began to appear that Mr. Ohira would be the new Prime Minister some "denomi stocks" have taken a beating.

Toppan Printing (one of whose directors was a member of the Japan Economic Research Council Group) went from ¥570 per share on November 13, to ¥516 at the end of the month.

Toppan and other companies whose stock prices had ridden the Denomi bandwagon staged a small recovery last Friday after the council published its report. That does not mean, apparently, that Mr. Ohira is likely to be shifted from his determination to keep things as they are.

NatWest to lend SIA \$100m

BY OUR CORRESPONDENT IN SINGAPORE

NATIONAL Westminster Bank is expected to sign a \$100m loan agreement with Singapore Airlines (SIA) soon.

The two parties are believed to be on the verge of concluding the loan agreement which will be the third big loan agreement SIA has concluded over the past month to finance its massive development and fleet modernisation and expansion programme.

The programme calls for an expenditure of more than \$850m (U.S.\$1.4bn) over the next few years. The bulk of the expenditure—about \$82.5m (U.S.\$1.14bn)—will be for the purchase of new aircraft while the remainder will be for the development of facilities at the new Singapore International Airport, currently being built at the former British Royal Air Force base at Changi.

SIA has committed itself to purchase 26 new aircraft—seven DC-10s, 18 Boeing 747s and six Boeing 727s.

The airline has been holding discussions with several local and

foreign banks and only last month signed loan agreements with the Singapore Post Office Savings Bank and a syndicate of nine Japanese leasing companies led by Orient Leasing Company. The Post Office Savings Bank loan, amounting to \$8500m (U.S.\$91m) has been made on "very special terms." Half the amount is for seven years carrying a fixed rate, believed to be 8 per cent, while the remaining half is at a floating rate of interest.

The U.S.\$260m package with the Japanese companies is a leasing arrangement under which SIA will lease four McDonnell Douglas DC-10-30 40 passenger jets for ten years from the syndicate with SIA being given the option to buy back the aircraft any time after two years without incurring any penalty.

Funds for the scheme are provided by the Export-Import Bank of Japan which has specified that the airline be charged 8.25 per cent interest. The nine Japanese companies will receive the funds

from the Exim bank at a concessional rate.

The leasing project is part of an emergency import package adopted by the Japanese Government last April to trim its huge trade surplus with the rest of the world.

Last month SIA also received a loan offer of U.S.\$91m from the Export-Import Bank of the U.S. for a ten-year term at 8.375 per cent interest to help finance the purchase of its McDonnell Douglas and Boeing aircraft.

However, the amount offered is far short of what SIA has hoped to secure from the U.S. Eximbank. SIA is believed to be asking for U.S.\$ 400m, roughly 40 per cent of the total cost of the aircraft, and is currently negotiating the amount with the bank.

Part of the obstacle to the size of the loan is that the Eximbank feels that the Boeing 747 has no competitor outside the United States on long range routes and hence does not warrant competitive financing for buyers.

BHP extends offer date

MELBOURNE — The Broken Hill Proprietary Company (BHP) will extend the closing date for its debt issue offer by two weeks from December 8 after receiving subscriptions in excess of the basic \$500m (U.S.\$51m) sought.

The closing date was extended so that the further oversubscriptions, up to the \$520m provided for in the offer, may be received.

The offer, open to all BHP share and debenture holders, opened on November 16 but uptake has been much slower than is normal for a BHP offer because rates were too finely pitched, share market sources said.

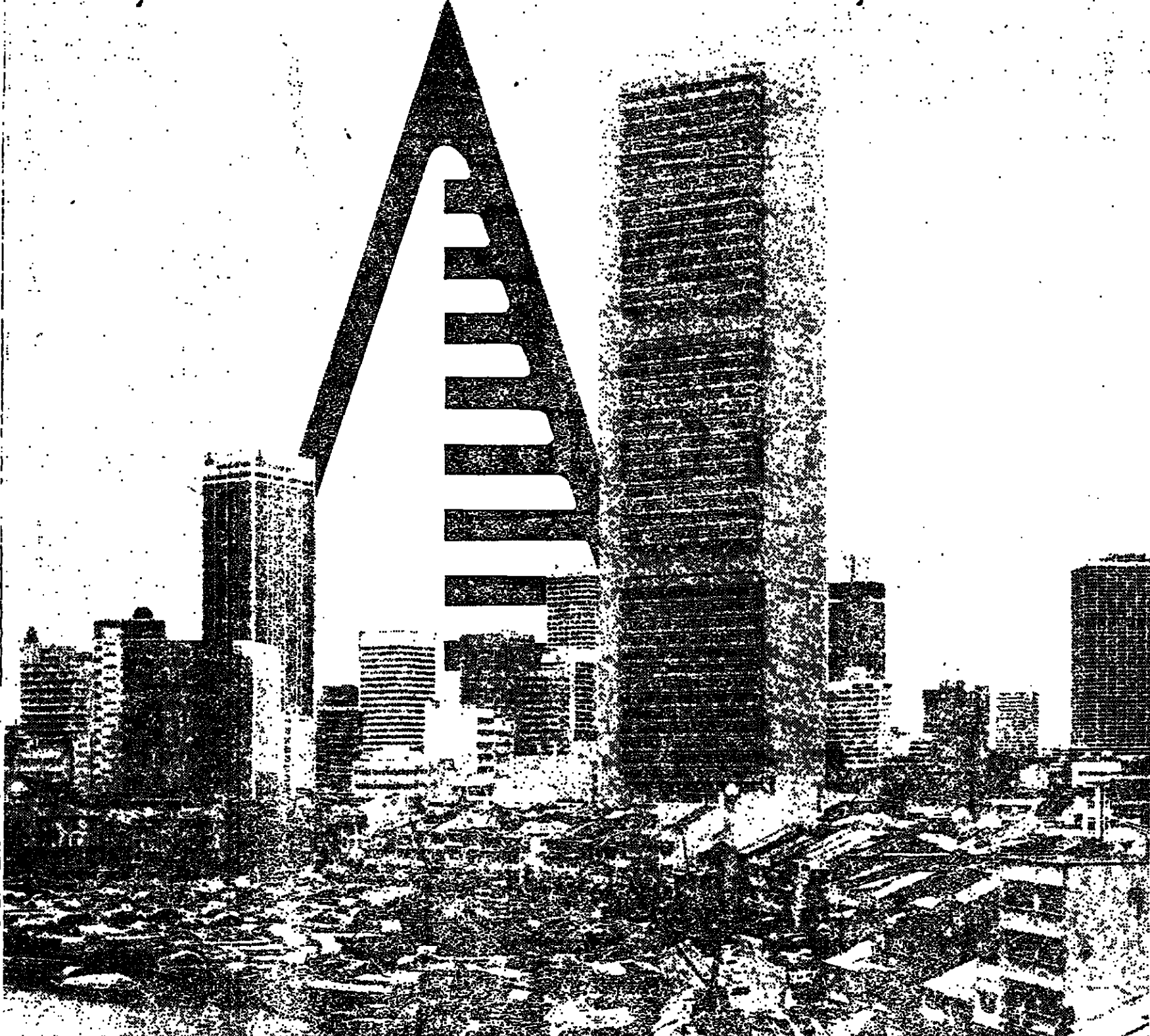
The offer was the first major BHP debt issue with rates below 10 per cent for more than five years and the 1.1 per cent margin between the long term government bond rate of 8.8 per cent and BHP's 15-year offering of 9.9 per cent may have been too fine for institutional investors, the sources said.

As well, a number of other corporate issues, plus semi-government offerings were on the market at the same time, they added.

BHP also offered six year debentures at 9.7 per cent and ten year debentures at 9.8 per cent.

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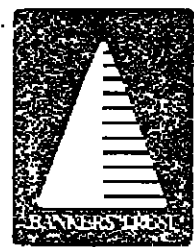
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CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as November 30, 1978
Clive Fixed Interest Capital 129.67
Clive Fixed Interest Income 114.28

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.
45 Cornhill, London EC3V 3PB. Tel.: 01-623 6314.
Index Guide as at December 7, 1978
Capital Fixed Interest Portfolio 100.20
Income Fixed Interest Portfolio 100.55

BRAZILIAN INVESTMENTS S.A.
Net Asset Value as of 30th November 1978
Per Depository Share: U.S.\$123.33
Per Depository Share (Second Series): U.S.\$91.22
Listed The London Stock Exchange

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Currency, Money and Gold Markets

(P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Pound improves as dollar slips

| THE POUND SPOT | | | | FORWARD AGAINST £ | | | |
|--------------------|-------------|---------------|---------------|-------------------|--------|----------------|------|
| Dec. 11 | Bank rate % | Day's spread | Close. | One month | 3 p.a. | Three months | 5 p. |
| U.S. \$ | 100.00 | 1.0000 | 1.9770-1.9790 | 0.45-0.55 p.m. | 3.45 | 1.85-1.95 p.m. | 2.02 |
| Canadian \$ | 100.00 | 2.1164-2.1162 | 2.9224-2.9230 | 0.70-0.80 p.m. | 3.55 | 1.75-1.85 p.m. | 2.30 |
| Guinler | 100.00 | 4.0544-4.0546 | 5.2824-5.2832 | 14-30 c.m. | 3.55 | 1.65-1.75 p.m. | 2.48 |
| Belgian F | 100.00 | 10.35-10.40 | 124.50-124.60 | 14-30 c.m. | 3.55 | 1.65-1.75 p.m. | 2.48 |
| French F | 100.00 | 10.35-10.40 | 124.50-124.60 | 14-30 c.m. | 3.55 | 1.65-1.75 p.m. | 2.48 |
| D. Mark | 100.00 | 3.74-3.74 | 3.74-3.77 | 5-25 p.m. | 3.10 | 1.64-1.64 p.m. | 1.34 |
| Port. Esc. | 100.00 | 32.00-32.00 | 32.00-32.00 | 14-30 c.m. | 3.55 | 1.65-1.75 p.m. | 2.48 |
| Spain. Pes. | 100.00 | 167.50-167.50 | 170.00-170.00 | 20-30 c.m. | 3.55 | 1.65-1.75 p.m. | 2.48 |
| Italy. Lira | 100.00 | 1.9844-1.9771 | 1.688-1.670 | 41-110 lire | 1.65 | 1.44-1.44 lire | 1.59 |
| Kweng. C. | 100.00 | 10.34-10.11 | 10.34-10.11 | 51-74 lire | 1.65 | 1.44-1.44 lire | 1.59 |
| Swiss. Sfr. | 100.00 | 9.31-9.32 | 9.32-9.34 | 2-6 lire | 3.40 | 1.67-1.67 lire | 2.48 |
| Stockh. Kr. | 100.00 | 3.75-3.75 | 3.75-3.74 | 4-10 lire | 3.10 | 1.65-1.65 lire | 1.48 |
| Yen | 100.00 | 338-338 | 340-341 | 4-25-30 yen | 1.71 | 1.60-1.60 yen | 1.48 |
| South African Rand | 100.00 | 27-27 | 27.50-27.50 | 12-17 gram | 3.55 | 1.65-1.65 gram | 2.48 |
| Swiss Fr. | 100.00 | 3.35-3.35 | 3.35-3.35 | 41-41 c.m. | 1.50 | 1.49-1.49 c.m. | 1.25 |

Belgian rate is for convertible francs.

Six-month forward against 1.85-1.90 p.m.

| THE DOLLAR SPOT | | FORWARD AGAINST \$ | |
|----------------------------|---------------|--------------------|-----------|
| December 11 | Day's spread | Class | Rate |
| Canada's \$ | 87.74-84.98 | 87.74-84.98 | 1.00-0.00 |
| U.S. \$ | 87.74-84.98 | 87.74-84.98 | 1.00-0.00 |
| Belgian Fr | 20.62-20.38 | 20.62-20.38 | 1.00-0.00 |
| Danish Kr | 71.23-71.07 | 71.23-71.07 | 1.00-0.00 |
| French F | 1.9013-1.9075 | 1.9013-1.9075 | 1.00-0.00 |
| Port. Esc | 46.42-45.82 | 46.42-45.82 | 1.00-0.00 |
| Spain's Ptas | 71.23-71.07 | 71.23-71.07 | 1.00-0.00 |
| Italy's Lira | 894.00-882.00 | 894.00-882.00 | 1.00-0.00 |
| Yen | 3.61-3.59 | 3.61-3.59 | 1.00-0.00 |
| Swiss Fr | 2.02-2.00 | 2.02-2.00 | 1.00-0.00 |
| British \$ | 4.18-4.22 | 4.18-4.22 | 1.00-0.00 |
| Australia \$ | 1.90-1.92 | 1.90-1.92 | 1.00-0.00 |
| South \$ | 1.90-1.92 | 1.90-1.92 | 1.00-0.00 |
| U.S. cents per Canadian \$ | 1.00-0.00 | 1.00-0.00 | 1.00-0.00 |

| CURRENCY RATES | | | CURRENCY MOVEMENTS | | |
|-----------------------|------------------------------|---------------------------------|-----------------------|-----------------------------|------------------------------|
| | Special Drawing Rights | European Unit of Accounts | | Bank of America Index | Foreign Exchange Index |
| December 5 | | | December 11 | | |
| sterling | 1.62992 | 1.63725 | sterling | 63.22 | -0.4 |
| U.S. dollar | 0.62500 | 0.62500 | U.S. dollar | 92.48 | +2.4 |
| Canadian dollar | 1.00000 | 1.00000 | Canadian dollar | 79.99 | -17.5 |
| Australian schilling | 1.49200 | 1.49200 | Australian schilling | 100.00 | +0.9 |
| Swedish krona | 36.999 | 36.999 | Swedish krona | 113.49 | +14.5 |
| Danish krone | 0.99024 | 0.99024 | Danish krone | 112.13 | +0.5 |
| Deutsche Mark | 2.47578 | 2.47578 | Deutsche Mark | 100.00 | +0.5 |
| French franc | 5.48013 | 5.48013 | French franc | 104.22 | -0.2 |
| Italian lira | 2036.27 | 2036.27 | Italian lira | 90.25 | -0.7 |
| Yen | 351.96 | 351.96 | Yen | 102.22 | +0.3 |
| Norwegian krona | 0.60222 | 0.60222 | Norwegian krona | 100.00 | +0.3 |
| Swedish krona | 1.46403 | 1.46403 | Swedish krona | 100.00 | +0.3 |
| Swiss franc | 2.00000 | 2.00000 | Swiss franc | 100.00 | +0.3 |
| Belgian franc | 20.3369 | 20.3369 | Belgian franc | 100.00 | +0.3 |
| Portuguese escudo | 200.482 | 200.482 | Portuguese escudo | 100.00 | +0.3 |
| Spanish peseta | 166.639 | 166.639 | Spanish peseta | 100.00 | +0.3 |
| Japanese yen | 351.96 | 351.96 | Japanese yen | 100.00 | +0.3 |
| Chinese yuan | 2.00000 | 2.00000 | Chinese yuan | 100.00 | +0.3 |
| Indian rupee | 47.5561 | 47.5561 | Indian rupee | 100.00 | +0.3 |
| Thai baht | 5.00000 | 5.00000 | Thai baht | 100.00 | +0.3 |
| Philippine peso | 48.0000 | 48.0000 | Philippine peso | 100.00 | +0.3 |
| Indonesian rupiah | 1000.00 | 1000.00 | Indonesian rupiah | 100.00 | +0.3 |
| Singapore dollar | 1.00000 | 1.00000 | Singapore dollar | 100.00 | +0.3 |
| Malaysian ringgit | 1.00000 | 1.00000 | Malaysian ringgit | 100.00 | +0.3 |
| Brunei dollar | 1.00000 | 1.00000 | Brunei dollar | 100.00 | +0.3 |
| East German mark | 1.00000 | 1.00000 | East German mark | 100.00 | +0.3 |
| West German mark | 1.00000 | 1.00000 | West German mark | 100.00 | +0.3 |
| East African shilling | 1.00000 | 1.00000 | East African shilling | 100.00 | +0.3 |
| South African rand | 1.00000 | 1.00000 | South African rand | 100.00 | +0.3 |
| Botswana pula | 1.00000 | 1.00000 | Botswana pula | 100.00 | +0.3 |
| Lesotho loti | 1.00000 | 1.00000 | Lesotho loti | 100.00 | +0.3 |
| Swaziland lilangeni | 1.00000 | 1.00000 | Swaziland lilangeni | 100.00 | +0.3 |
| Zimbabwe dollar | 1.00000 | 1.00000 | Zimbabwe dollar | 100.00 | +0.3 |
| South African rand | 1.00000 | 1.00000 | South African rand | 100.00 | +0.3 |
| Botswana pula | 1.00000 | 1.00000 | Botswana pula | 100.00 | +0.3 |
| Lesotho loti | 1.00000 | 1.00000 | Lesotho loti | 100.00 | +0.3 |
| Swaziland lilangeni | 1.00000 | 1.00000 | Swaziland lilangeni | 100.00 | +0.3 |
| Zimbabwe dollar | 1.00000 | 1.00000 | Zimbabwe dollar | 100.00 | +0.3 |
| South African rand | 1.00000 | 1.00000 | South African rand | 100.00 | +0.3 |
| Botswana pula | 1.00000 | 1.00000 | Botswana pula | 100.00 | +0.3 |
| Lesotho loti | 1.00000 | 1.00000 | Lesotho loti | 100.00 | +0.3 |
| Swaziland lilangeni | 1.00000 | 1.00000 | Swaziland lilangeni | 100.00 | +0.3 |
| Zimbabwe dollar | 1.00000 | 1.00000 | Zimbabwe dollar | 100.00 | +0.3 |
| South African rand | 1.00000 | 1.00000 | South African rand | 100.00 | +0.3 |
| Botswana pula | 1.00000 | 1.00000 | Botswana pula | 100.00 | +0.3 |
| Lesotho loti | 1.00000 | 1.00000 | Lesotho loti | 100.00 | +0.3 |
| Swaziland lilangeni | 1.00000 | 1.00000 | Swaziland lilangeni | 100.00 | +0.3 |
| Zimbabwe dollar | 1.00000 | 1.00000 | Zimbabwe dollar | 100.00 | +0.3 |
| South African rand | 1.00000 | 1.00000 | South African rand | 100.00 | +0.3 |
| Botswana pula | 1.00000 | 1.00000 | Botswana pula | 100.00 | +0.3 |
| Lesotho loti | 1.00000 | 1.00000 | Lesotho loti | 100.00 | +0.3 |
| Swaziland lilangeni | 1.00000 | 1.00000 | Swaziland lilangeni | 100.00 | +0.3 |
| Zimbabwe dollar | 1.00000 | 1.00000 | Zimbabwe dollar | 100.00 | +0.3 |
| South African rand | 1.00000 | 1.00000 | South African rand | 100.00 | +0.3 |

| OTHER MARKETS | | | | |
|-----------------------|----------------|---------------|---------|-------------|
| Dec. 11 | £ | \$ | | Note Rates |
| Argentina Pons..... | 1,912.1916 | 968.30.968.90 | Austria | 87.85 |
| Australia Dollar..... | 1,721.5.7.7569 | 0.8793.0.8793 | Belgium | 151.51 |
| Finland Marks..... | 7,9500.7.9500 | 0.0450.0.0450 | Denmark | 10.35-10.86 |

Swedish franc was also weaker against the yen, compared with Friday. It opened at Y198.65 and touched Y198.20 one point before selling developed during the afternoon. This was on fears that oil prices may increase after news of a meeting of OPEC. Trading in the spot market totaled \$434m, forward trading \$118m and swap trading \$509m.

| Dec. 11 | Pound Sterling | U.S. Dollar | Deutschmark | Japanese Yen |
|-----------------------|----------------|-------------|-------------|--------------|
| 1. Pound Sterling | 1. | 1.978 | 4.765 | 580.0 |
| 2. U.S. Dollar | 0.506 | 1. | 1.904 | 367.5 |
| 3. Deutsche mark | 0.266 | 0.525 | 1. | 103.6 |
| 4. Japanese Yen 1,000 | 2.564 | 0.071 | 9.654 | 1,000. |
| 5. French Franc 10 | 1.158 | 2.291 | 4.261 | 461.2 |
| 6. West German Franc | 0.299 | 0.591 | 1.125 | 116.5 |
| 7. Dutch Guilder | 0.246 | 0.486 | 0.934 | 95.7 |
| 8. Swiss Lira 1,000 | 0.599 | 1.784 | 2.955 | 255.5 |

| | | | | |
|-------------------|-------|-------|-------|-------|
| Canadian Dollar | 0.429 | 0.848 | 1.617 | 167.5 |
| Belgian Franc (X) | 1.682 | 3.326 | 6.333 | 6-5.0 |

| Dec. 11 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Sw. |
|-----------------|---------------|---------------|-----------------|---------------|-----|
| Short term..... | n.a. | 95-97 1/2 | 7 1/2-8 1/2 | 94-100 | |
| 3 days notice | n.a. | 94-100 | 7 1/2-8 1/2 | 94-100 | |
| 1 month | 15 1/2-15 3/4 | 10 1/2-10 3/4 | 8 1/2-9 1/2 | 97-10 1/2 | |
| 3 months | 15 1/2-16 1/4 | 11 1/2-12 1/2 | 10 1/2-10 3/4 | 98-100 | |
| 6 months | 16 1/4-16 3/4 | 11 1/2-12 1/2 | 10 1/2-10 3/4 | 98-97 1/2 | |
| 1 year | 16 1/2-16 3/4 | 11 1/2-12 1/2 | 10 1/2-11 1/2 | 98-97 1/2 | |

The following nominal rates were quoted for London dollar certificates of deposit: 30-60 day period: 15 1/2-16 1/4 per cent; 90-180 day period: 16 1/4-16 3/4 per cent; 180-360 day period: 16 1/2-16 3/4 per cent. Three month Eurodollar deposits: Two years 102-103 per cent; three years 107-108 per cent. Short-term rates are call for sterling, U.S. dollars and Canadian dollar deposits.

INTERNATIONAL MONEY MARKET

Paris rates steady

Short-term interest rates were steady in the Paris money market yesterday, while the interest paid on French guaranteed bonds was reduced. The latest money supply figures showed a monthly rise of 1.2 per cent.

per cent in M-1 in September, and 1.3 per cent for the broadly defined M-2. The M-1 figure was 1.1 per cent above that of September last year, and M-2 showed an annual increase of 13.3 per cent. The ceiling set for money

Day-to-day money was unchanged at 6½ per cent; one-month at 6-6½ per cent; three-month at 6-6½ per cent; six-month at 6-7 per cent; and 12-month at 7-7½ per cent.

NEW YORK — Federal funds rates are steady at 9½-9¾ per cent, compared with 11¼-11½ per cent previously.

K MONEY MARKET

Moderate assistance

(since November 9, 1978) authority bills. Banks brought forward run-down balances, there was a small net take-up of Treasury bills to finance, and the major factor against the market was the pre-Christmas rise in the note

moderate number of Treasury circulation. There were no

LONDON MONEY RATES

| Date | Sterling | Gold | Local | Local Auth. | Finance |
|---------|----------|------|-------|-------------|---------|
| Dec. 31 | | | | | |

| 1975 | carpenter on deposit | insurance | insurance deposits | negotiable bonds | house deposits | Comparative Deposits |
|----------------|----------------------|-----------------|--------------------|------------------|----------------|----------------------|
| straight | — | 11-12 1/2 | — | — | — | 12 1/2 |
| days notice | — | — | 13 1/2 | — | — | — |
| 30 days or | — | — | — | — | — | 12 1/2 |
| 90 days notice | — | 11 1/2 - 12 1/2 | 12-12 1/2 | — | 12 1/2 | — |
| months | 12 1/2 - 12 1/2 | 12 1/2 - 12 1/2 | 12-12 1/2 | 12 1/2 - 12 1/2 | 12 1/2 | 12 1/2 |
| months | 12 1/2 - 12 1/2 | 12 1/2 - 12 1/2 | — | 12 1/2 - 12 1/2 | 12 1/2 | 12 1/2 |

[illegible]

are buying rates for prime paper. Buying rates for four-month bank bills 11 1/2 per cent. Approximate selling rates for one-month Treasury bills 11 3/4 per cent; one- and two-month 11 1/4 per cent. Approximate selling rates for one-month bank bills 12 1/4 to 12 3/4 per cent; three-month 11 3/4 to 11 7/8 per cent; one-month trade bills 12 per cent; two-month per cent.

Finance House Base Rates (published by the Finance Houses Association) 1 1/4 per cent. Deposit rates for small sums at seven days' notice 1 1/2 per cent. Clearing

| | | | | | |
|-------|-------|-------|-------|-------|-------|
| 5.707 | 1.458 | 1.748 | 717.0 | 1 | 28.53 |
| 14.93 | 5.631 | 6.980 | 2808 | 3.917 | 100. |

| Les Franc | West German Mark | French Franc | Italian Lira | Asian \$ | Japanese Yen |
|-----------|------------------|--------------|--------------|----------|--------------|
| par-18 | 5-5 1/2 | 7-7 1/2 | 91-131 | — | — 1 1/2 |
| | 5-5 | 7-5 | 132-134 | 97-10 | — 1 1/2 |

[illegible]

GOLD

Sharp

BRUSSELS—Deposit rates for the Belgian franc were unchanged at 94-94 per cent for one-month; 97-97 per cent for three-month; 99-99 per cent for six-month and

HONG KONG—Conditions in the money market were a little easier, with call money at 9½ per cent, and overnight at 8½ per cent.

SINGAPORE—General banking at \$202½-203½, the metal was fixed at \$205.40 in the morning after considerable buying interest. The afternoon fixing showed

| | | |
|--|---------|---------|
| | Dec. 11 | Dec. 12 |
|--|---------|---------|

| | | | |
|---|--|----------|----------|
| announced changes in prime rates. Increased ranged from 1/2 per cent to 3/4 per cent in the case of Moscow Narodny, to 1/2 per cent to 3/4 per cent for Bank of Montreal. Most rises were by 1/2 per cent in 75-cent bank deposits. | Gold Bullion (a fine) (cable) | \$227.25 | \$227.25 |
| | Close | \$227.25 | \$227.25 |
| | Opening | \$227.25 | \$227.25 |
| | Morning fixing | \$226.40 | \$226.40 |
| | (2:10 A.M.) | \$226.40 | \$226.40 |
| | Afternoon fixing | \$227.00 | \$227.00 |
| | (2:10 P.M.) | \$227.00 | \$227.00 |

| | | | |
|---|--|---|--|
| 74 per cent, but industrial and Commercial increased its rate by $\frac{1}{2}$ per cent to 7 $\frac{1}{2}$ per cent. Two banks have cut their prime rates. Lloyds Bank International by $\frac{1}{2}$ per cent to 7 $\frac{1}{2}$ per cent, and Marine Midland by $\frac{1}{2}$ per cent to 9 $\frac{1}{2}$ per cent. | Gold Coins domestically Kruggerand | 62174-218 62118-117 6202-203 62114-324 6202-2 6202-514 | 62184-3164 62102-1107 6200-203 6202-514 6202-514 6202-514 |
| | New Sovereigns Old Sovereigns Gold Coins | 6202-203 6202-2 6202-514 | 6200-203 6202-514 6202-514 |

| | | |
|----------------------|---------------|-------------|
| Internationality .. | \$215-215 | (\$215-255) |
| Krugersrand | (\$2072-1967) | (\$206-187) |
| New Sovereigns | \$54-55 | \$55-55 |
| | (\$27-28) | (\$27-28) |
| Old Sovereigns | \$50-52 | \$50-51 |
| | (\$50-51) | (\$50-51) |
| S20 Eagles | \$224-225 | \$225-225 |

| | | |
|-------------------|-----------|-----------|
| \$10 Eagles | \$155-156 | \$157-162 |
| \$1 Eagles | \$108-111 | \$105-116 |

a further improvement to \$207.00 and in New York gold touched \$204 before easing back to \$207.

In Paris the 12 1/2 kilo bar was fixed at Fr 29,570 per kilo (Fr 96.0

In the interbank market overnight loans opened at 12-12½ per cent, and eased to 11-11½ per cent, before closing at 11-11½ per cent.

| | | | |
|--------------------------------|-------------------|---------------------------|----------------|
| Discount market deposits | Treasury Bills | Eligible Bank Bills | Prime Bills |
|--------------------------------|-------------------|---------------------------|----------------|

| | | | | | |
|----------------------|--------------------------------------|--------------------------------------|-------------------|--|------|
| 11-12 | - | - | - | Prime Rate | 11.5 |
| - | - | - | - | Fed. Funds | 9.75 |
| 12-12 ^{1/2} | - | - | - | Treasury Bills (13-week) | 9.50 |
| - | - | - | - | Treasury Bills (26-week) | 9.25 |
| 11 ^{1/2} | 11 ^{1/2} -11 ^{3/4} | 12 ^{1/2} -12 ^{3/4} | 12 ^{1/2} | GERMANY | |
| 11 ^{1/2} | 11 ^{1/2} -11 ^{3/4} | 12 ^{1/2} -12 ^{3/4} | 12 ^{1/2} | Discount Rate | 5 |
| 11 ^{1/2} | 11 ^{1/2} | 12 ^{1/2} -12 ^{3/4} | 12 ^{1/2} | Overnight | 1.50 |
| - | 11 ^{1/2} | 11 ^{1/2} -11 ^{3/4} | 12 ^{1/2} | Source: Federal Reserve Bank of New York | |

| | |
|--------------|------|
| One month | 4.35 |
| Three months | 4.50 |
| Six months | 4.60 |

FRANCE

| | |
|---------------|------|
| Discount Rate | 6.0 |
| Overnight | 5.45 |
| One month | 5.65 |

| | | |
|---|---|---|
| 1980-month 11.5% per cent; three-month | 1980-month 11.5% per cent | 1980-month 11.5% per cent |
| per cent; two-month 12.1% per cent | per cent; two-month 12.1% per cent | per cent; two-month 12.1% per cent |
| month 23 per cent; and also three-month | month 23 per cent; and also three-month | month 23 per cent; and also three-month |
| er cent from December 1, 1979. Closing | er cent from December 1, 1979. Closing | er cent from December 1, 1979. Closing |
| ank Rate Major 16; landing 12; per cent | ank Rate Major 16; landing 12; per cent | ank Rate Major 16; landing 12; per cent |

BUSINESS AND INVESTMENT OPPORTUNITIES

RECEIVERSHIP SALE BY TENDER
International Hydrodynamics Company Ltd.

North Vancouver, BC

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PARCEL 4 — SUBMERSIBLE PISCES 6
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PARCEL 6 — PLANT MACHINERY
PARCEL 7 — OFFICE EQUIPMENT
PARCEL 8 — PARTS AND ACCESSORIES
PARCEL 9 — WORK IN PROGRESS
PARCEL 10 — INVESTMENTS IN SUBSIDIARIES
PARCEL 11 — ACCOUNTS RECEIVABLE

The vendor of the assets is Harold S. Sigurdson, Receiver and Manager of the property, assets and undertaking of International Hydrodynamics Company Ltd., appointed as such by order of the Supreme Court of British Columbia, made on the 17th day of October 1978 in Action No. C786202 (Vancouver Registry).

Tenders will be accepted on the basis that the purchaser has received from the Receiver-Manager and complied with the conditions of tender. All offers must include a statement that the offeror has received and complied with the conditions of tender.

Preference will be given to tenders for all assets en bloc. Further information, conditions of tender, and copies of the inventory may be obtained from the undersigned or William T. Little, C.A. Sealed tenders must be forwarded to the Receiver-Manager's office.

Dated at Vancouver this 4th day of December, 1978.

Harold S. Sigurdson, C.A.

Receiver-Manager,

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The Rolls-Royce aero-engine strategy

BY MICHAEL DONNE, Aerospace Correspondent

INVESTMENT OF close to £500m by Rolls-Royce on new civil aero-engine programmes for the 1980s is understood to be one of the key elements in the recent five-year plan which the company has now submitted to the Government through the National Enterprise Board.

Overall, the company's long-term strategy, which in fact goes well beyond the present five-year plan to the end of the century, is based upon it winning and holding sizeable shares of the prospective booming markets for both civil and military engines.

In the civil field, most analyses agree that the growth of world air travel over the next few years is likely to be about 7 per cent a year, creating a demand for more than 4,500 airliners of all kinds by 1990, worth about £40bn, and for several times that number of civil engines, worth about £15bn.

In the military field, the potential market is even greater, estimated to amount to about £90bn by 1990, of which about one-third could be for engines, worth about £30bn.

Rolls-Royce does not pretend that it can win the lion's share of either field, but it is aiming at increasing its portion of world civil markets through the 1980s to about one-third of the total, or some £15bn, while it would also like to capture about 17 to 20 per cent of the world's

military engine market, worth about £65bn, a total of more than £100-110bn of business.

It is basing its strategy upon eight major engine programmes, four civil and four military, which will be underpinned by the continued production and development of a wide range of existing engines. These programmes, whether financed from internal resources or with Government aid, or both, are considered essential to enable the company to remain in the forefront of the world civil and military engine markets of the 1980s and beyond. In the face of bitter and intensifying competition from the other two giants in the field, General Electric and Pratt and Whitney, both of the U.S.

Programmes

In the civil field, the four main engine programmes are:

● Continued development of the RB-211 engine, in both its big-thrust (50,000 lb) version, the Dash 524, which is already used in the Boeing 747 Jumbo jet and the Lockheed Series 300 TriStar, and the Dash 22 version of 40,000 lb thrust and above, also used in the TriStar. The RB-211 has already won export orders worth over £700m, and this figure is expected to go well beyond the £1bn level by the early 1980s.

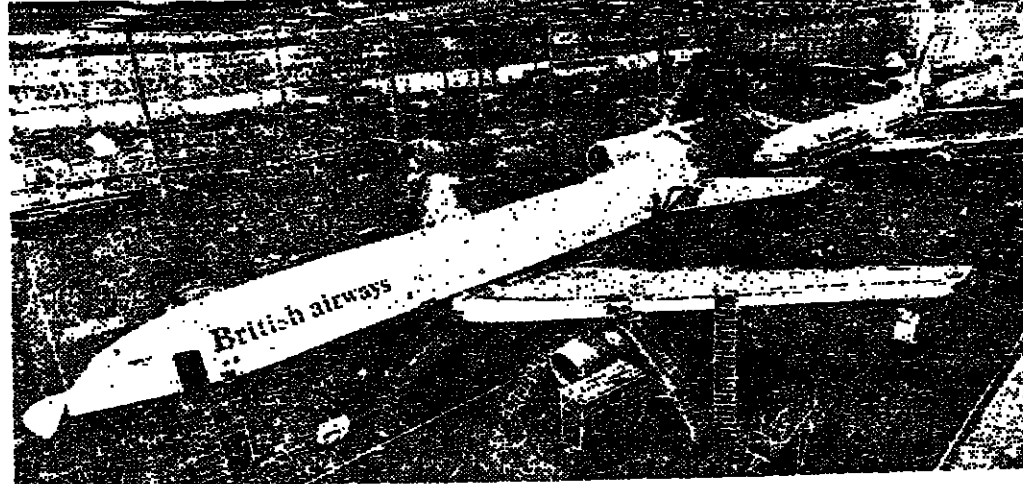
● Development of the recently-launched smaller version of the RB-211, the Dash 535 of 30,000 lb thrust and upwards, for such aircraft as the new narrow-bodied Boeing 737, for which British Airways and Eastern Airlines of the U.S. have placed orders, worth over £300m for the engine.

● Development of a new 16,000-18,000 lb thrust engine, the RB-432, intended as an eventual replacement for the existing Spey engine from the early to mid-1980s; and

● Development of a new 5,500 lb thrust engine, the RB-401, for business jet aircraft, to replace the ageing Viper.

In addition, there will be continued production of the Gem helicopter engine, with a new engine, the RB-321, coming forward by the mid-1980s. Supporting these programmes will be continued production of civil Spey, Dart, Viper, Proteus and other engines for a wide range of tasks, with continued further development of some of them, such as Proteus, for industrial and marine uses outside aerospace.

This civil engine programme admittedly leaves a big gap in the thrust-spectrum, between the 16,000 lb of the new RB-432 and the 30,000 lb of the 535 version of the RB-211, which Rolls-Royce has as yet no plans to fill. This gap is currently occupied by a Franco-American



Rolls-Royce plans to continue development of the RB-211 engine used in this Lockheed TriStar

engine, the CFM-56. Rolls-Royce is well aware that this could mean giving away a part of the booming civil markets of the future, but it is obliged to accept the fact that, with all the programmes mentioned, it will have its hands full financially and technologically through the 1980s. Thus, it is prepared to let this part of the market go, provided it can win a sizeable share of the other parts.

As it is, the 535 alone is expected to cost about £250m, while the RB-432 and RB-401 together will probably cost about the same amount. If the continued development cost of

the 524 and Dash 22 versions of the RB-211 are included, the company's civil investment programme cannot amount to less than £500m, and may be even more.

Its four main engines in the military field will be:

● Continued development of the RB-199 for the Tornado multi-role combat aircraft, perhaps also being adapted for use in any new Harrier/Jaguar replacement, such as the AST-403.

● The Adour engine, already used in the Jaguar jet strike-trainer and other aircraft.

● The Pegasus vertical take-off

engine, now used in the Harrier jump-jet fighter and for which a long development programme is foreseen;

● The Spey in its military version, which has already won a contract from China for licence manufacture, said to be worth about £100m, with the prospect of another big order looming in a new Italian light strike fighter.

As with civil engines, these will be underpinned by continued development and production of existing power-plants, such as the TF-41, used in the U.S. Corsair fighter, and the Olympus (which is finding an

increasing role in its naval version for warship propulsion). With this broad spectrum of civil and military power-plants, Rolls-Royce foresees its sales, which in the past financial year amounted to £704m, rising steadily to reach a peak of £1.2bn a year in the mid-1980s, but so far nothing has been settled.

This gap could be filled to some extent, however, at the top end by the Boeing 737 or new civil aircraft now being placed in quantity through the Western world.

Thereafter, sales are expected to stabilise at a steady several hundred million pounds a year in the late 1980s, reflecting a steady in flow of business from the world's airlines and air forces, until a new re-equipment tide begins to flow some time in the early to mid-1990s for aircraft for the early part of the next century.

Thus Rolls-Royce's long-term strategy is already broadly defined, and the company's task now is to win both NEB and Government support for it. Specially in the all-important civil field, where the company sees the bulk of its future business lying.

Most analyses of the future world civil aircraft markets see it falling into several well defined categories of aircraft, measured by size and range capability. Rolls-Royce is no exception to this, and is tailoring its main engine concepts to this broad pattern of development.

For example, in the medium-to-long-range field, of say 4,000 miles and upwards, the Boeing 747 Jumbo jet, the McDonnell Douglas DC-10 and the Lockheed TriStar are dominant. No-one else is ever likely to be able to compete with any of these, and the battle for future long-range markets will be fought between the various derivatives of these three types of aircraft. All of them currently use engines in the biggest category of 40,000 to 50,000 lbs thrust, and Rolls-Royce has already won places for its RB-211 in different versions of both the Boeing 747 and the TriStar, although it has yet to win a place for the RB-211 in the DC-10.

For all three long-range airliner types, plans exist to extend the range/payload performance, requiring engines of more than 50,000 lbs thrust. This is why Rolls-Royce needs to continue spending on developing the 524 version of the RB-211 to 55,000 lb and even above. Eventually, Boeing foresees a 600-seater 747, that may need an engine of 60,000 lbs thrust, but this is still some way off. Even so, Rolls-Royce has to be prepared to think in terms of either developing the 524 to that thrust level, or developing a new power plant that will go beyond it. The company's long-term strategic plan, through to the end of this century, considers this, but no decisions on such a development have yet been taken. Overall, the company sees a potential world market of about 1,200 aircraft in the long-range field in the next decade or so.

But it is in the broad short-to-medium range category that the highest markets lie for the future. Here, there are several types of aircraft, again separated by size.

Expectations

In the 300-250 seater category, for example, it is expected that about 1,000 aircraft will be sold in the years ahead. These will include such types as the European A-300 Airbus, and in the 200-seat category, the recently launched Boeing 767 twin-jet and its rival, the European A-310. For this type of aircraft, engines in the 40,000 lbs thrust category and above are needed, and Rolls-Royce has available its RB-211 in the Dash 22 B and D versions. The company has not yet won orders for engines in any of the three aircraft mentioned, although the Dash 22 is in service with some versions of the TriStar.

In the smaller 160-180 seater category of aircraft, the company is much more strongly placed. Here sales could amount world-wide to over 1,000 aircraft by 1990. So far, the market is dominated by Boeing with its new 737 twin-jet airliner, in which Rolls-Royce is currently the market leader with the 535 version of the RB-211. So far, no other airframe builder is in this field, although McDonnell Douglas has plans to develop its Advanced Technology Medium Range (ATMR) transport which could also use the 535 engine.

But Rolls-Royce is well aware that it cannot expect to retain the Boeing 737 market all to itself, and expects some sales to be won by both General Electric with its CF6-32 engine, and by Pratt and Whitney with its JT-10D, both of which are broadly in the same thrust bracket as the 535.

Further down the size scale, a big market seems likely to emerge for perhaps as many as 800 airliners, seating between 130 and 160 passengers, and using an engine of between 22,000 and 24,000 lbs thrust. It is virtually an empty market at present, with no new airframe designs firmly on offer, and only one engine available, the Franco-U.S. CFM-56. The Euro-

Promising

But it is in the size of aircraft below this, the 100-130 seater, that the aircraft manufacturers and Rolls-Royce can see a promising new market emerging. This is the Trident/One-Eleven/Caravelle replacement market, and could yield sales as many as 800 to 1,000 aircraft over the next decade.

This is traditionally the kind of market that Rolls-Royce has specialised in for many years, with its Spey engine, and for which it is now expressly developing the new RB-432 of about 16,000 to 18,000 lb thrust. So far, few new airframe proposals have been mooted to fill this requirement, but a smaller version of the European JET could well emerge, perhaps supplemented by a British Aerospace One-Eleven Series 700, while Fokker of Holland has ideas to get into the market with its F-29 twin-engine airliner, using the RB-432.

But the competition could be formidable, for the 100-130 seater is really part of the market that is already being exploited by the existing Boeing 737 short-to-medium range jet airliner, now the second best-selling jet in the world after the Boeing 727. Boeing is not likely to late 1980s go to other builders, and it is bound to improve the 737 steadily through the 1980s to try to beat off any new airframe competitors that may emerge. At the same time, Rolls-Royce appears to be alone in this field with its RB-432, but there can be little doubt that both GE and Pratt and Whitney will also try to ensure that they get some share of the business, with new power-plants of their own.

Below the 100-130 seater lies a wide range of aircraft opportunities, but perhaps the biggest is in the growing business aircraft field, where there are likely to be sales of several hundred executive jets through the 1980s—sufficient to encourage Rolls-Royce to think in terms of developing its new RB-401 jet engine, of about 5,500 lbs thrust as a potential replacement for the highly successful but now ageing Viper.

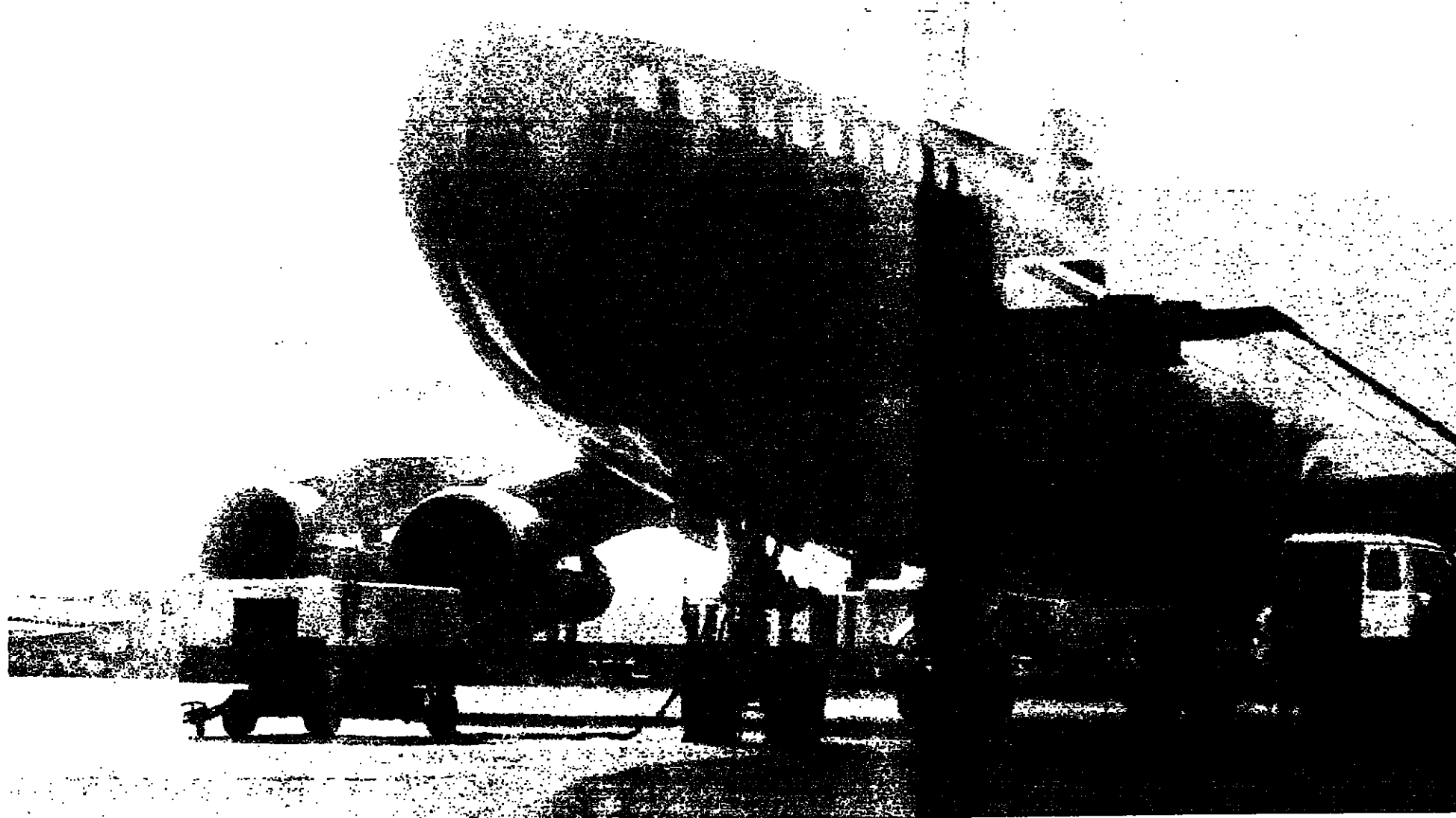
Rolls-Royce, while aiming at most of these areas with its new engines, is also pinning its faith on the U.S. manufacturers. It is right to do so. For it is generally accepted that the lion's share of the future world civil airline sales will be taken by the U.S. companies, headed by Boeing.

Estimates of future world jetliner deliveries show them steadily rising to a peak of about 600-700 aircraft a year by mid-1980s, of which about 500 will be coming from the U.S. (and again mostly from Boeing).

While it is hoped that Airbus Industrie will capture an increasing share of the short-to-medium range markets with both its A-300 and A-310, and perhaps also any JET ventures it undertakes, there is no hope of it overtaking the already dominant position held by the U.S. manufacturers collectively, and that held by Boeing in particular. For example, the newly-launched A-310 Airbus is competing directly with the Boeing 767, but already this year alone the 767 has collected firm orders for 80 aircraft and 79 options, worth over \$3bn, from the three biggest airlines in the U.S.—United, American and Delta—closely matching total Airbus sales over the past eight years. Total new jet orders this year now exceed 700 aircraft, and together with options the figure is close to 1,000, of which well over two-thirds have been lodged by the three U.S. manufacturers, again headed by Boeing, which has itself collected well over half the total.

It is for this reason that Rolls-Royce sees its future firmly hitched to the U.S. manufacturers' products. This does not mean that it is ignoring the European market. On the contrary, if an airline customer wants a Rolls-Royce engine on the A-300 and A-310 Airbus, or on any other type of airliner, Rolls-Royce will try to see that this demand is met. But the sheer magnitude of the market already emerging for the U.S. aircraft indicates that any engine manufacturer anxious to remain a major force in world civil aviation affairs throughout the 1980s, must be dedicated to setting its powerplants onto anything and everything that comes from the U.S. manufacturers.

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THE JOBS COLUMN

What every head-hunter would like to know

BY MICHAEL DIXON

HERE WE go again. As was pointed out last Thursday, thanks to the readership of the Jobs Column, we have found out a deal more about the head-hunting trade than we knew before.

That information came mainly from numerous readers employed in executive-recruiting consultancies and agencies who, of course, know their own business. And several of them pointed out, in modest phrases of one sort or another, that they also know about managerial and specialist jobs and the sort of people best equipped to do them.

But it turns out that there is something else which various of these intermediary concerns do not know, and would like to discover. Consequently, since the consultancies and agencies have done their whack by providing data about themselves, it has been suggested that the rest of the readership might reciprocate by supplying the desired information to the head-hunting fraternity.

Their basic question is: What do the other sectors of the recruitment market think of them?

Obviously, if not naturally, their main interest is in the views of the employing organisations who largely furnish the intermediaries' fee income. But since the Jobs Column is

intended primarily for "consumers of employment"—namely, individual people who are candidates for and doers of managerial and specialist jobs—I think it only right that readers on the candidates' side of the market as well as employing concerns should have the opportunity to express their opinions.

We shall start, however, with the employers' side. And here I had better make plain that although I would like to use readers' answers as the basis of a future column, I shall not reveal the name or the organisation of anyone who sends a reply to me, unless he or she specifically tells me that I may do so.

Question

The basic question, addressed to people responsible for recruitment in employing organisations, is broken down into four main sections, as follows:

1—Why and in what circumstances do you use intermediary concerns in selecting managers or specialists, instead of doing the whole darned thing yourselves?

2—Have you any preference, and if so why, for head-hunters who (a) use only conventional job-advertising methods of recruitment; (b) use only the "search" method founded on an individual approach to potential

recruits who are probably not actively thinking of changing their job; (c) are equipped to use either or both of these methods?

3—Apart from undertaking the chore of recruitment up to the point where you are provided with a short list of candidates to interview, what other services do you (a) expect an intermediary concern to provide, and (b) think that they could offer in the cause of making themselves more attractive to your organisation?

4—What is the fee, expressed in terms of a percentage of the salary for the job in question, that you would be willing to pay for a head-hunter's services; and given that you think extra services might be provided as in 3(b) above, what increase in fee would be justified, if any?

Besides the fee, what is the maximum level of expenses—also expressed as a percentage of the job-salary—you would expect the intermediary to incur on your behalf?

As a supplementary to this last section, and to the second one of the four, I have been asked by a certain consultant to inquire whether or not employing organisations in general believe that the "search" technique of recruitment must inevitably be much more expensive than conventional methods. In particular, is there some notional minimum salary-level for a job—say,

£10,000 a year—below which employers think it not worth while to engage a search specialist to fill the vacancy? There is an impression abroad in the consultancy business, says this questioner, "that one needs to be seen to be expensive to be acceptable to clients."

He, on the other hand, thinks that there is no good economic reason why search methods should not be employed to find candidates for the great range of jobs carrying salaries between £6,000 and £9,999. If he happened to be right, therefore, would readers among the employing fraternity be inclined to make more use of search specialists than they do at present?

Recruits' view

There endeth the employing organisations' section. So here beginneth the job-candidates' opportunity to air their views. But two points are important. First, here I will also promise not to disclose the name of anyone replying, unless requested to do so.

Second, since the main purpose is to provide head-hunters with "consumer information" about how they collectively might improve their services to the applicants' side of the employment market, I would prefer readers to confine their comments to constructive suggestions to the same end. In

general, it would also seem sensible to restrict comments to matters not already covered by the Code of Recruitment Practice now being promoted by the Institute of Personnel Management. It covers the needs for a statement in job advertisements how applicants should go about replying; for prompt acknowledgement of each application and timely advice on how it is proceeding; for information on the recruiter's policy for reimbursing candidates' expenses; for the recruiter to refrain from calling for irrelevant personal information and from taking up references without specific permission; and for applications to be treated as confidential.

Even so, should there be experienced job-applicants with demonstrable reasons for thinking that any head-hunter still needs reminding about those points, I would like to hear of it. If there were more than the odd complaint in any particular case, I would then pass on the said tidings privately to the firm concerned.

By contrast, constructive suggestions as to other ways in which executive-recruiting intermediaries could improve their services to the candidates' side of the market will be discussed—provided there are some, of course—in the Jobs Column after Christmas.

Banker

A SENIOR general manager from the banking sector, with first-hand knowledge of the Middle East, is wanted by consultant John Anderson as London representative for a growing commercial bank incorporated in Abu Dhabi. He may not name his client, but guarantees to honour any applicant's request not to be identified to the employer without specific permission.

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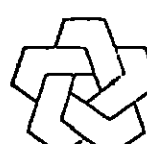
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Wall St. narrowly mixed at mid-session

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AFTER STARTING on an easier

note, Wall Street picked up

slightly to record small mixed

movements at mid-session after

another light early trade.

The Dow Jones Industrial

Average managed a net improve-

ment of 3.12 to 814.97 at 1 p.m.

while the NYSE All Common

Index was 9 cents firmer at 854.15.

Closing prices and market

reports were not available

for this edition.

but losses at mid-session held a

seven-to-six ratio lead over gains

Turnover came to 13.5 million

shares, against last Friday's 1 p.m.

of 12.7 million.

Analysts said three weekly

reports in a row showing a drop

in the basic money supply had

raised hopes that the Federal

Reserve would not tighten credit

further in the near-term. But they

added that there is still no clear

consensus on interest rates. First

National Bank of Chicago held its

Prime Rate unchanged at 11 1/2

per cent yesterday.

Investors are remain con-

cerned about inflation and atten-

tion will be focused on the

approaching OPEC oil pricing

meeting.

Among Glamours and Blue

Chips, IBM gained 2 1/2 to \$376.

Du Pont 1 to \$124, Halliburton

to \$83 and Burlington Northern

to \$32.

Among the actives, General

Motors rose 1 to \$56, Sears Ro-

ebuck 1 to \$21 and Boeing 1 1/2

to \$72 1/2.

Bendix, however, eased 1/2

to \$36. It has received a contract

from Boeing for wheels and

brakes on Boeing's new 737 jets.

Gaming shares were weak. Bally

Manufacturing lost 1 1/2 to \$42.

Caesar's World 1 1/2 to \$22. Playboy

to \$14 and Del E. Webb 1 1/2

to \$15. A top New Jersey gaming

official has denied reports that he

has decided to recommend against

granting casino licenses to Bally

and Caesar's World.

Telephone and

Electronics, unchanged at \$281,

has agreed to buy Telenor for

about \$30 million. The deal

includes purchases of Telenor

shares held by Bolt Beranek and

Newman and by Bowne and Co.

Telenor gained 1/2 to \$19 bid in

over-the-counter trading. Both

Beraneck rose 1/2 to \$12 and Bowne

to \$11 on the American S.E.

THE AMERICAN S.E. Market

Value Index picked up 0.23 to

151.39 at 1 p.m. Volume 1.9 million

shares (1.6 million).

"A" topped the Amex actives list, but

fell 1/2 to \$22. Among other

actives, Syntex gained 1/2 to \$26,

Amesahl 1/2 to \$51 and American

International Pictures 1/2 to \$71.

Canada

Markets displayed an easier

inclination at mid-day yesterday

after moderate activity. The

Toronto Composite Index recorded

a decline of 1.6 at 12:30 p.m.

while the 30-stock Dow Jones

Index fell 0.52 to 198.18.

Gold improved 2.8 to 1,408.0

and Oil and Gas 2.4 to 1,792.4.

Canadian Pacific rose 1/2

to C\$23 1/2 in active trading following

news of a dividend increase.

Rags Transport, which said its

Alaskan units have filed for bank-

ruptcy, lost 3 cents to C\$11.4.

Asbestos rose up 1/2 to C\$21

after being as high as C\$24. The

Quebec Government plans to make

a statement this week on the

status of take-over negotiations.

Canadian Imperial Bank, the

most active stock, shed 1/2 to

C\$30 1/2 on 43,290 shares in

Toronto.

Tokyo

Most of a fresh early market

advance was subsequently lost by

profit-taking and stocks were

mixed on balance following a less

active trading session.

The Nikkei-Dow Jones Average,

after briefly touching a new

record of 6,155 in the morning,

came back to close only 0.15

firmer on the day at 6,097.00.

Trading volume amounted to

37 million shares, far below last

Friday's extremely heavy 53 million

and compared with Saturday's

half-day session figure of 36 million.

Steels and Heavy Electric

Machine issues, which led the

market ahead last week, finished

lower on growing market concern

about recent high price levels.

Mitsubishi Electric shed 1/2

to ¥194, Kawasaki Steel Y2 to

¥183 and Shinshu Steel Y3 to

¥183.

Shipments firmed in early

trading as news that tanker freight

charges are rising, but turned

easier towards the close on

speculation that shipping com-

panies may suffer losses in tanker

operations as a result of possible

oil price increases being agreed

at the approaching OPEC meet-

ing in Abu Dhabi.

Textiles and some other low

and medium-priced issues were

lower after a firm start, but Foods,

Public Works shares and some

Blue Chips ended higher.

Photo Photo Film gained 1/2

to ¥185, Matsushita Electric

Y17 to ¥178, Pioneer Electronic

Y14 to ¥178, Tanabe Seiyaku

Y40 to ¥178, Green Cross Y2 to

¥178, Daiichi Kangaku Kaisha

Y60 to ¥178, Showa Denko

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after moderate activity. The

Toronto Composite Index recorded

a decline of 1.6 at 12:30 p.m.

while the 30-stock Dow Jones

Index fell 0.52 to 198.18.

Gold improved 2.8 to 1,408.0

and Oil and Gas 2.4 to 1,792.4.

Canadian Pacific rose 1/2

to C\$23 1/2 in active trading following

Equity firmness fades as business fails to improve

Short Gilts marginally higher and Golds also move ahead

Account Dealing Dates
Option
*First Declara- Last Account
Dealings Dealings Day
Nov. 27 Dec. 8 Dec. 19
Dec. 11 Dec. 29 Jan. 9
Jan. 2 Jan. 13 Jan. 23

Stock markets began the three-week trading Account, which spans the Christmas holiday and ends the old year out, in fine fashion as generally expected. The trend failed to hold and the equity leaders slipped to close down on balance after a disappointing trade.

The apparent apathy on the part of potential buyers unsettled the market, and attention was switched to secondary and situation issues along with those recommended in the weekend Press.

The Electronics sector, for example, responded to comment related to last week's Government decision to sponsor the microelectronics programme of £400m over the next five years. Stores were another sector to the fore initially but when the anticipated demand failed to materialise prices came away from the best and eased a little more after release of the November retail sales figures.

Mirroring a day which opened full of promise with Hawker's bid of 55p cash for each Westinghouse share, the FT 30-share index was 1.6 higher at noon, only 0.4 up two hours later and finally a net point lower on balance at 492.3. Bargains marked totalled 4,619 or slightly less than the previous Monday's 4,642.

Encouraged by sterling's performance in foreign exchange markets, investment funds appeared for short-dated gilt-edged securities. By mid-afternoon gains were extending to 1, but disappointment with the latest Central Government Borrowing Requirement pared the rises and after the official close of business many quotations were back at Friday's levels. Medium and longer maturities were quieter although further switching into the medium tap Exchequer 12½ per cent 1983 was evident.

The fresh upsurge in the price of bullion triggered renewed American support of South African Gold shares which recorded widespread advances, lifting the FT Gold Share index 5.3 more to 138.7 for a rise of 13 points over the last five trading days.

Rates for investment currency fell as sterling moved higher and, in a moderate volume of business, the premium touched 82½ per cent before settling a net 1½ points lower at 83 per cent. Yesterday's SE conversion factor was 0.7168 (0.7233).

Business in the Traded Option

market again centred chiefly on GEC which recorded 88 of the total of 418 deals.

Banks quietly firm

The major clearing banks made modest progress in quiet trading with sentiment helped by publicity given to a broker's view of current prospects. Lloyds were best supported with a gain of 5 to 257½. Elsewhere, Allen Harvey and Ross improved a like amount to 345½ and Hambros firmed another 4 to 180½, but Schroders reacted 13 to 357½.

In insurance, lack of interest erased initial scattered improvements with Alexander Howden and Minet losing 5 apiece at 150½ and 180½ respectively.

Arthur Guinness featured a quiet day's trading in Breweries, putting down 5 to 160½ before next week's annual results.

Inclined firmer for most of the session, leading Buildings drifted lower in late trading and closed virtually unchanged. Barrett and Rowland Howard firmed to 211½ in continued response to the interim results and Tunnel B put on 10 to 308½ on suggestions that T.W. was 3 better at 81½, may sell its 28½ per cent stake in the company. Sharply lower half-yearly profits left Rowland construction 2 cheaper at 25½ and the dividend down 10 to 140½.

Developments had no apparent impact. Microcomputer added 6 to 68½ on small buying in a restricted market.

ICI touched 382½ before shading to close a penny down on balance at 379½ and Fisons fell away in the late trade to finish down at 305½. On the other hand, revised down a penny, Barrett lifted Algate 23 to 255½.

Stores below best

Following last week's good results from Burton and GUS, the Stores market was disappointed by the low level of business and the leaders closed slightly off the best. After touching 180½, Burton closed 2 up at 179½, while Gussies A added a like amount to 316½. Among secondary issues, Alfred Preezy dropped to 73½ on a balance at 74½, but support at this level to close 6 down on balance at 77½. Martin the Newsagent also disappointed with an 8 per cent increase in pre-tax profits and reacted 6 to 212½. Mail order concern N. Brown edged forward a penny to 40½ after the chairman's confident interim statement.

Further consideration of the recent annual figures coupled with an investment recommendation left K. Shoes 4 better at a 1978 peak of 94½. Stimulated ahead by Press comment on the Government's proposed £400m boost for the micro-

electronics industry, Electronic shares enjoyed another firm day's trading. Electrocomponents moved up to 359½ and Farwell improved a similar amount 480½, while Ferranti, interim figures due on Thursday, improved 12 to 394½. Rascal rose 5 more to 360½ and AB Electronics 3 further to 180½, while Highland stood out in smaller-priced issues with a gain of 6 at 45½.

Westinghouse Brake featured at 529½ on news of the surprise agreed bid of 55p cash per share from Hawker Siddeley, unaltered at 528½. Among the local fairly brisk trade developed in GEC, which touched 346½ before reacting to close a penny higher on balance at 341½. A firmer tone in the Engineering leaders faded and prices moved a few pence easier on balance. Selective demand, however, was evident in secondary issues.

Boots, 185p, both ended a few pence lower, while Glaxo finished without alteration at 530p, after 535p. Metal Box were quoted ex-rights at 312p, while the new shares opened around 66p premium and touched 70p premium before reacting to close at 62p premium. Following news of the agreed bid from Ferguson Industrial Holdings, dealings were resumed in Peatridge of Birmingham at 67p compared with the suspension price of 54p. Pentameter was noteworthy for a rise of 6 at 110p, after 112p in response to Press mention. Occasional demand lifted Caplan Profile 6 to 180p and Diploma Investments 4 to 185p. Good interim results prompted a gain of 4 to 108p in White Child and Beary, while the satisfactory half-yearly statement left Whitcroft a penny dearer at 109p. Week-end Press mention stimulated interest in Hanson Trust, which improved 2 to 140p and Johnson Group 2 to 140p and Johnson Group 2 to 140p. Bright spots included De La Rue, 7 higher at 380p and Aven Rubber, a similar amount dearer at 185p.

Manx International Agency and Music gained 3 to a high for the year of 112p in response to the annual results.

Talks of a possible merger between ERF and Fodens resulted in a rise of 14p to 154p in ERF and a penny to 58p in Fodens. Elsewhere the markets traded quietly, although small buying prompted a rise of 2 to 122p in Heron.

Among Newspapers and Publishers, W. N. Shaw closed 5 to the good at 150p, while rises of 2 were seen in Associated, 182p, and Daily Mail A, 360p. Selected issues in Paper/printings met with speculative interest. 2p Corquodale rallied 15 to 272p, while revived hopes of an American offer left Mills and Allen 3 up at 235p. Sateel and 15p, after 152p. English Group 14 to 37p, but Land Securities ended just a penny up on balance at 247p, after 248p. Property Holding and Investment firmed 5 to 320p in response to the higher half-yearly profits and Warnford Investments added a like amount to 380p ahead of tomorrow's interim results. Regional issues found fresh support, the ordinary gaining 4 to 70p and the A 2 to 75p, while County and District put on 3 to 123p and Fairview Estates 4 to 140p.

Quietly firm conditions prevailed in the Property sector, but quotations closed slightly below the best. Ahead of Thursday's annual results, MEX improved 2 to 151p, after 152p. English Group 14 to 37p, but Land Securities ended just a penny up on balance at 247p, after 248p. Property Holding and Investment firmed 5 to 320p in response to the higher half-yearly profits and Warnford Investments added a like amount to 380p ahead of tomorrow's interim results. Regional issues found fresh support, the ordinary gaining 4 to 70p and the A 2 to 75p, while County and District put on 3 to 123p and Fairview Estates 4 to 140p.

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quiet trade: British Petroleum were also affected by a broker's adverse circular and slipped 10 to 580p, with Shell shedding 6 to 578p in sympathy. Secondary issues moved narrowly, but were featured by a rise of 4 to 82p in Burnham following weekend Press comment.

Thomas Borthwick moved ahead a couple of pence to 68p in front of today's annual results.

Investment Trusts were uneventful with small irregular price changes for the most part, but Capital shares to improve included Duvalnet, 215p, and New Throgmorton, 142p, up 3 and 2 respectively. Armour Trust became prominent at 144p, up 3p, with the help of favourable Press comment.

Press comment also aided Lof which hardened 1½ to 39p. Elsewhere in Shipping, Common Brothers gained 7 more to 176p on continued speculative support, but Faraxes, a firm market recently, gave up 3 more at 249p.

Scottish, English and European featured idle Textiles with a rise of 7 to 71p, albeit on scanty buying. Lof reached a 1978 high of 86p on favourable comment before ending with a net rise of 2 at 67p. British Electric attracted interest and put on 2½ to 154p.

In South African industrials, the listing of Anglo Transvaal Industries was cancelled as from 9.30 am; the shares, now dealt in the shares in their present 8p form will be resumed today while dealings in the shares in the new 40 cents form will begin on Wednesday.

Australian continued their recent recovery following another good performance by overnight domestic markets. Western Mining added 5 to 135p and BHS South advanced 2 to 61p following bullish week-end Press comment. Elsewhere, South Crofty eased 2 to 80p following the half-year results.

Golds strengthen

A further \$5.50 rise in the bullion price to \$207.57 per ounce, lifted South African Gold shares to move ahead for the fifth consecutive trading day. The Gold Mines index added

1.5 to 138.7, its best level since the end of October, while the ex-premium index broke through 100 for the first time since mid-November to register a 2.9 gain at 100.1.

Persistent Continental and American buying coupled with London interest prompted by favourable week-end Press mention saw prices improve throughout and close around the day's best.

Better-than-expected dividend announcements from the Barlow Rand group also boosted sentiment.

Among heavyweights, West Driefontein rose 2 to 231, while mid-price issues showed improvements of around 5p, common to Western Deep, 785p and President Brand, 312p.

Cheaper-priced stocks to move ahead included Mariavale, 8 higher at 98p, and Grootevlei, 6 better at the same price, both on consideration of the dividend announced late on Friday. The marginal Durban Deep rose 15 to 238p reflecting the return to the dividend list.

South African Financials took their cue from the gold share market. Favourable Press comment helped U Investments put on 10 to 200p. Dealings in General Mining were suspended at 2½p owing to the share split; trading in the shares in their present 8p form will be resumed today while dealings in the shares in the new 40 cents form will begin on Wednesday.

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South African Financials took their cue from the gold share market. Favourable Press comment helped U Investments put on 10 to 200p. Dealings in General Mining were suspended at 2½p owing to the share split; trading in the shares in their present 8p form will be resumed today while dealings in the shares in the new 40 cents form will begin on Wednesday.

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AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table with multiple columns listing various unit trusts and their performance metrics. Includes sections for 'STOCKS', 'ED OPTIONS', and 'INDICES'.

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ELIMINATED

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INTERNATIONAL FACTORS LTD
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London, Manchester.

BRITISH FUNDS

High Low Stock Price + or - % Div. Yield

"Shorts" (Lives up to Five Years)

| High | Low | Stock | Price | + or - | % | Div. | Yield |
|-------|------|-------------------|-------|--------|-----|------|-------|
| 105.5 | 97.5 | Treasury 11% 1982 | 105.5 | + | 0.5 | 11.0 | 10.5 |
| 97.5 | 97.5 | Treasury 11% 1982 | 97.5 | + | 0.5 | 11.0 | 10.5 |
| 97.5 | 97.5 | Treasury 11% 1982 | 97.5 | + | 0.5 | 11.0 | 10.5 |
| 97.5 | 97.5 | Treasury 11% 1982 | 97.5 | + | 0.5 | 11.0 | 10.5 |
| 97.5 | 97.5 | Treasury 11% 1982 | 97.5 | + | 0.5 | 11.0 | 10.5 |
| 97.5 | 97.5 | Treasury 11% 1982 | 97.5 | + | 0.5 | 11.0 | 10.5 |
| 97.5 | 97.5 | Treasury 11% 1982 | 97.5 | + | 0.5 | 11.0 | 10.5 |
| 97.5 | 97.5 | Treasury 11% 1982 | 97.5 | + | 0.5 | 11.0 | 10.5 |
| 97.5 | 97.5 | Treasury 11% 1982 | 97.5 | + | 0.5 | 11.0 | 10.5 |
| 97.5 | 97.5 | Treasury 11% 1982 | 97.5 | + | 0.5 | 11.0 | 10.5 |

Five to Fifteen Years

| High | Low | Stock | Price | + or - | % | Div. | Yield |
|------|------|-------------------|-------|--------|-----|------|-------|
| 95.5 | 88.5 | Treasury 11% 1982 | 95.5 | + | 0.5 | 11.0 | 10.5 |
| 88.5 | 88.5 | Treasury 11% 1982 | 88.5 | + | 0.5 | 11.0 | 10.5 |
| 88.5 | 88.5 | Treasury 11% 1982 | 88.5 | + | 0.5 | 11.0 | 10.5 |
| 88.5 | 88.5 | Treasury 11% 1982 | 88.5 | + | 0.5 | 11.0 | 10.5 |
| 88.5 | 88.5 | Treasury 11% 1982 | 88.5 | + | 0.5 | 11.0 | 10.5 |
| 88.5 | 88.5 | Treasury 11% 1982 | 88.5 | + | 0.5 | 11.0 | 10.5 |
| 88.5 | 88.5 | Treasury 11% 1982 | 88.5 | + | 0.5 | 11.0 | 10.5 |
| 88.5 | 88.5 | Treasury 11% 1982 | 88.5 | + | 0.5 | 11.0 | 10.5 |
| 88.5 | 88.5 | Treasury 11% 1982 | 88.5 | + | 0.5 | 11.0 | 10.5 |
| 88.5 | 88.5 | Treasury 11% 1982 | 88.5 | + | 0.5 | 11.0 | 10.5 |

Over Fifteen Years

| High | Low | Stock | Price | + or - | % | Div. | Yield |
|-------|------|-------------------|-------|--------|-----|------|-------|
| 100.5 | 93.5 | Treasury 11% 1982 | 100.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |

Undated

| High | Low | Stock | Price | + or - | % | Div. | Yield |
|-------|------|-------------------|-------|--------|-----|------|-------|
| 100.5 | 93.5 | Treasury 11% 1982 | 100.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |

INTERNATIONAL BANK

79% 10% 11% 12% 13% 14% 15% 16% 17% 18% 19% 20% 21% 22% 23% 24% 25% 26% 27% 28% 29% 30% 31% 32% 33% 34% 35% 36% 37% 38% 39% 40% 41% 42% 43% 44% 45% 46% 47% 48% 49% 50% 51% 52% 53% 54% 55% 56% 57% 58% 59% 60% 61% 62% 63% 64% 65% 66% 67% 68% 69% 70% 71% 72% 73% 74% 75% 76% 77% 78% 79% 80% 81% 82% 83% 84% 85% 86% 87% 88% 89% 90% 91% 92% 93% 94% 95% 96% 97% 98% 99% 100%

CORPORATION LOANS

| High | Low | Stock | Price | + or - | % | Div. | Yield |
|-------|------|-------------------|-------|--------|-----|------|-------|
| 100.5 | 93.5 | Treasury 11% 1982 | 100.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |

COMMONWEALTH & AFRICAN LOANS

| High | Low | Stock | Price | + or - | % | Div. | Yield |
|-------|------|-------------------|-------|--------|-----|------|-------|
| 100.5 | 93.5 | Treasury 11% 1982 | 100.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |

FOREIGN BONDS & RAILS

| High | Low | Stock | Price | + or - | % | Div. | Yield |
|-------|------|-------------------|-------|--------|-----|------|-------|
| 100.5 | 93.5 | Treasury 11% 1982 | 100.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |

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BONDS & RAILS—Cont.

| High | Low | Stock | Price | + or - | % | Div. | Yield |
|-------|------|-------------------|-------|--------|-----|------|-------|
| 100.5 | 93.5 | Treasury 11% 1982 | 100.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |

BANKS & HP—Continued

| High | Low | Stock | Price | + or - | % | Div. | Yield |
|-------|------|-------------------|-------|--------|-----|------|-------|
| 100.5 | 93.5 | Treasury 11% 1982 | 100.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |

CHEMICALS, PLASTICS—Cont.

| High | Low | Stock | Price | + or - | % | Div. | Yield |
|-------|------|-------------------|-------|--------|-----|------|-------|
| 100.5 | 93.5 | Treasury 11% 1982 | 100.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |
| 93.5 | 93.5 | Treasury 11% 1982 | 93.5 | + | 0.5 | 11.0 | 10.5 |

ENGINEERING—Continued

| HYG | | High | Low | Stock | Price | + or - | % | Div. | Yield | 1976 | | Stock | Price | + or - | % | Div. | Yield |
|------|-----|------|-----|-----------------|-------|--------|------|------|-------|------|----|-------|-------|--------|-----|------|-------|
| YTM | P/E | | | | | | | | | | | | | | | | |
| 11.9 | 542 | 376 | 310 | Hoechst DM5 - | 502 | +2 | 0124 | 2.8 | 3.51 | 126 | 87 | 32 | 1282 | +137 | 4.8 | 5.0 | 12.6 |
| 11.9 | 513 | 310 | 113 | DuPont Inds/Ala | 5125 | | 0124 | 1.8 | 1.3 | 45 | 87 | 32 | 1282 | +137 | 4.8 | 5.0 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
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| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
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| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
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| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
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| 5.8 | 528 | 328 | 110 | Imp. Chem. Pl. | 379 | | 0167 | 2.9 | 5.4 | 8.1 | 29 | 42 | 56 | 39 | 5.6 | 5.6 | 12.6 |
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FINANCE, LAND—Continued[illegible][illegible]

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| 264 | ESSEX 100 | 395 | +1 | | |
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| 714 | Ranger Gif. | 905 | | | |
| 715 | Revere Bld. | 16 | | | |
| 330 | Ryl. Dutch Fl. 20 | (414) | | 0537.65 | |
| 331 | Scripture Res. | 425 | +5 | | |
| 332 | Shel Tress | 578 | | 115 94 | 6.1 4.1 |
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| 226 | St. George (L.A.) | 280 | -2 | | |
| 552 | Texas 4.5% Cdv. | 554 | | | |
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| 86 | Weeks Nat. Ind. | 63 | | | |
| 56 | D. Phil. Ord. 100 | 163 | | 0154 | 4.9 |
| 57 | Woodside A.S.C. | 56 | +2 | | |

| OVERSEAS TRADERS | | | | | | |
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| 224 | African Lakes | 275 | ... | A3 57 | 190 | 3.0 |
| 225 | Avon Traffic | 270 | ... | 30 | 20 | 2.0 |
| 60 | Aust. Ayrick 50C | 107 | ... | ... | 11 | 1.0 |
| 45 | Bendure's W. & W. | 161 | ... | 64.19 | 4.6 | 3.9 |
| 46 | Scorcher Int'l Corp | 168 | ... | 5.2 | 11 | 1.4 |
| 85 | Bousquet & Co | 155 | ... | 15.2 | 2.2 | 2.2 |
| 85G | Finlay (London) | 34 | -15.0 | 5.0 | 2.0 | 2.0 |
| 95 | Gill & Duffus | 151 | ... | K4.85 | 3.8 | 8.7 |
| 149 | G. H. Nims & Co | 163 | ... | 1.31 | 2.4 | 1.9 |
| 325 | Wm. H. Croft | 500 | ... | 0.42 | 2.6 | 1.3 |
| 325G | Wm. H. Croft | 22 | ... | 240.00 | 1.6 | 9.3 |
| 245 | Inchcape | 305 | ... | 15.23 | 2.7 | 7.4 |
| 245G | Inchcape | 22 | ... | 71.0 | 6.3 | ... |
| 245H | Jacobs Wm. | 22 | ... | ... | ... | ... |
| 33 | James H. Cogan | 64 | ... | 6.45 | 2.3 | 15.5 |
| 33G | James H. Cogan | 64 | ... | 6.45 | 3.0 | 14.5 |
| 39 | Mitchell Sugar | 39 | -34 | ... | ... | ... |

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| 75 | Anglo-Indonesian | 92 | | 2.75 | 4.7 |
| 65 | Cons. Cons. 10p | 102 | +1 | 2.59 | 1.7 |
| 131 | Bud Africa | 17 | | | |
| | Bradwell 10p | 17 | | 81.75 | 1.0 |
| 164 | Consolidated 10p | 239 | -3 | 3 | 1.2 |
| 26 | Chersonese 10p | 47 | | 44.4 | 1.2 |
| 50 | Cons. Plants 10p | 39 | | 03.0 | 0.1 |
| 21 | Central Central 10p | 325 | +3.6 | 15.23 | 0.3 |
| 56 | Harris May Est. 10p | 101 | | 4.0 | 0.3 |
| 56 | Highlands MSC | 107 | | 025c | 1.2 |
| 41 | Kaka Keppong MSc | 68 | | 017c | 1.2 |
| 69 | QXW 10p | 107 | | 01.0 | 0.1 |
| 69 | Ldn. Sunmura 10p | 185 | -1 | 16.0 | 1.0 |
| 30 | Malakoff MSc | 63 | +1 | 105.1 | 1.9 |
| 50 | Muzr River 10p | 60 | | 40.48 | 3.9 |
| 30 | Plazation Hds. 10p | 65 | | 49.21 | 2.0 |
| 10 | Plazation Hds. 10p | 118 | | | |

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| 37 | Sangeet Kirtan 10p. | 85 | | +4.52 | 1.9 |
| TEAS | | | | | |
| India and Bangladesh | | | | | |
| 175 | Assam Powers £1 | 253 | | 49.65 | 5.9 |
| 260 | Assam Frontier £1 | 260 | | 10.15 | 4.4 |
| 90 | Assam Invs. £1 | 7 | | +1 | 3.7 |
| 205 | Empire Plants £1 | 242 | | 42.01 | 4.6 |
| 132 | Lawrie £1 | 335 | | 115 | 2.6 |
| 380 | St Leonrd Russel £1 | 220 | | 13.5 | 2.6 |
| 130 | Moran £1 | 330 | | 15.0 | 1.2 |
| 22 | Singh Hldgs. 10p | 16 | | 47.75 | 3.2 |
| 22 | Singh Hldgs. 10p | 118 | | 12.5 | 4.2 |
| 138 | Williamson £1 | 155 | | +1 | 4.2 |

| CENTRAL RAND | | | | | | | | | |
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| 140 | Dorlian Deep R1..... | 298 | +15 | — | — | — | — | — | — |
| 244 | East Rand Pp. R2..... | 268 | +6 | — | — | — | — | — | — |
| 264 | Randfont. Est. R2..... | 277 | + | 0450c | — | — | — | — | — |
| 78c | West Rand R1..... | 99 | + | 017c | — | — | — | — | — |

| EASTERN RAND | | | | | |
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| 57 | Bracken 90c | 65 | +1 | 044c | 1.44 |
| 18 | East Danga RJ | 10 | +1 | 1020c | 1.24 |
| 56 | W. L. 90c | 25 | +1 | 056c | 1.24 |
| 76 | Gravoline 35c | 3 | +6 | 038c | 1.24 |
| 231 | Minross RJ | 258 | +7 | 055c | 1.24 |
| 35 | Lushs 60c | 45 | +1 | 021c | 1.24 |
| 37 | Walden 90.25c | 55 | +1 | 070c | 1.24 |
| 37 | S. African Ld. 35c | 55 | +1 | 070c | 1.24 |
| 517 | Vladimirov 90c | 69 | +4 | 025c | 0.43 |
| 28c | Winkler/Rich RJ | 593 | +9 | 0125c | 1.24 |
| | W.L. Linn 25c | 31 | +2 | - | 1.24 |
| FAR WEST RAND | | | | | |
| 1250 | Bayonet 25 | 286 | +14 | 063c | 1.41 |
| 701 | Ruffels | 79 | +16 | 0190c | 0.5 |
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| 207 | Doornfontein R1 | 251 | +21 | 050c | 1.7 |
| 208 | East Drive R1 | 528 | +16 | 107b | 1.7 |
| 163 | Shandura Gld. 20c | 111 | +5 | 013c | 1.6 |
| 169 | Shandura Gld. 20c | 111 | +5 | 013c | 1.6 |
| 468 | Harvestest R1 | 484 | +24 | 0250c | 2.0 |
| 468 | Kloof Gld. R1 | 484 | +24 | 040c | 2.0 |
| 206 | Lubano R1 | 436 | +94 | 0100c | 2.0 |
| 206 | Seuray R1 | 436 | +94 | 0100c | 2.0 |
| 206 | Sulfontein 50c | 293 | +10 | 056c | 1.1 |
| 211 | Vaal Rcers 50c | 112 | +8 | 10115c | 1.1 |
| 126 | Westerspoort R1 | 121 | +10 | 0100c | 1.1 |
| 126 | Westerspoort R1 | 121 | +10 | 0385c | 2.1 |
| 146 | Western Areas R1 | 138 | +7 | 026c | 1.1 |
| 146 | Western Areas R1 | 138 | +7 | 0415c | 2.1 |
| 369 | Western Dcn R2 | 785 | +57 | 0115c | 2.0 |
| 369 | Zandpan R1 | 712 | +57 | 0415c | 2.0 |

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| 163 | Cherry Lane | 128 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 164 | Cherry Lane | 128 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 165 | East Rand Con. 10p | 127 | +7 | +12 | 1.07 | 1.3 | 1.0 |
| 166 | Cherry Lane | 127 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 167 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 168 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 169 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 170 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 171 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 172 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 173 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 174 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 175 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
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| 178 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 179 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 180 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 181 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 182 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 183 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 184 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 185 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 186 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 187 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
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| 191 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 192 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 193 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 194 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 195 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 196 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 197 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 198 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 199 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| 200 | Gold Mining RZ | 126 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |

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| 182 | U.C. Invea R1 | 200 | +10 | 10342 | 12 | 9 |
| 188 | Union Corp. & 25% | 246 | -2 | 10386 | 16 | 9 |
| 40 | Wagets 21c | 57 | -1 | 1073c | 10 | 7 |

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| 130 | Anglo-Am Inv 50c | 5361/4 | 0600c | 111 | 9 | |
| 285 | Do 40c Df. 5c | 364 | +1/2 | 10250c | 33 | 8 |
| 925 | Do 30c Pf. R5 | 950 | -1 | 10200c | 32 | 8 |
| 128 | Impala Plat. 20c | 185 | +3 | 018.4c | 32 | 5 |
| 54 | Lydenslat 12c | 68 | +2 | 016.6c | 27 | 5 |
| 70 | Rus. Plat. 10c | 96 | 08c | 27 | 5 | |

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| 143 | Falcon Rn 50c | 143 | 0600c | \$ 125 |
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| 10 | 2822 | Road to Camp, 1500 ft. | 13 | 0.57 | 71 | 6 |
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| | | Wapiti Lake, 1000 ft. | 111 | | | |

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| Dunk | 11 | | 22 | Olis | |
| Eagle Star | 11 | Nor. West. Bank | 22 | E.C. Petroleum | 4 |
| E.M.I. | 14 | De Warrans | 18 | Burnish Oil | 5 |
| Engr. Accident | 15 | P. Oils | 8 | Canam Oil | 3 |
| Eng. Electric | 18 | Pieson | 10 | Chorwell | 1 |
| Grand | 6 | R.H.M. | 18 | Shelf | 2 |
| Glaud Mct. | 9 | Rank Org. 'A' | 18 | Ultramar | 2 |
| G.U.S.A. | 20 | Reed Intnl. | 12 | | |
| Guardian | 14 | Spillers | 9 | Planes | |
| G.N.N. | 22 | Thorn | 12 | Ch. Charing | 1 |
| Hawes | 12 | Thorn | 12 | Ch. Charing | 1 |
| House of Fraser | 12 | Thorn | 12 | Ch. Charing | 1 |

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| GIARD | 60 | R.H.M. | 5 | Shelf | |
| Grand Miro | 9 | Rank Oeq. 'A' | 18 | Ultramar | |
| G.U.S. 'A' | 20 | Reed Intl. | 1 | | |
| Guardian | 16 | Smoller | 32 | AFines | |
| G.N.N. | 22 | Tesco | 4 | Cherry Cond | 1 |
| Mauikei Fraser | 28 | Ten | 22 | Coat Gold | 2 |
| House of Fraser | 12 | Trust House | 15 | Art T Zinc | 2 |

A selection of Options traded is given on the London Stock Exchange Report page

More deaths as anti-Shah protests grow

BY SIMON HENDERSON AND ANDREW WHITLEY IN TEHRAN

VIOLENCE erupted in Iran yesterday when, for the second day running, there were huge demonstrations against the Shah throughout the country.

Widespread clashes with the security forces were reported. In the city of Isfahan, where many Americans work, several people are said to have been killed after demonstrators attacked the local headquarters of Savak, the security police, setting it on fire.

Many other buildings are said to have been set alight. The opposition claimed that the whole town seemed to be in revolt, with shooting continuing for several hours.

Other clashes were reported from Gorgan in the north-east and in Zanjan, west of Tehran. Many statues of the Shah were pulled to the ground.

In Tehran another march of 1m people passed off peacefully. No soldiers or police were visible near the march, although tanks and troops were seen in the city, with roadblocks around the airport, which remained closed, and across the northern section of the city, where the Shah lives in his heavily-guarded palace.

Large sections around the centre of the city effectively belonged to the demonstrators, who shouted "death to the Shah" and called for an Islamic government. The most unifying call was for support for the exiled religious leader, Ayatollah Khomeini. As one religious martyr addressed his section of the crowd, any reference to the Ayatollah, now in Paris, was greeted by a roar of "Khomeini is our leader."

The predominance of cries for the overthrow of the Shah made the latest demonstration a more militant affair than Sunday's march. The crowd seemed more boisterous and confident. Although a major religious day of mourning, the political protest entirely dominated events.

Last night Tehran Radio broadcast an official announcement that martial law would once again be strictly enforced.

The possible next political move by the Shah, or the opposition political leaders are not immediately clear. The significance of events has been the mass demonstration of opposition to the Shah and the tremendous self-discipline shown in Tehran. The population largely regulated their own affairs and obeyed the instructions not to be violent and not to antagonise the army.

Some observers here feel the army has handled the crisis well, allaying an expression of opinion which it could not stop. But what has not appeared to happen is for the individual standing of political leaders, other than the Ayatollah, to have risen.

Reuter reports from Paris - The Ayatollah told the U.S. and other countries that unless they withdrew support for the Shah their supply of Iranian oil would be cut if his regime fell.

The top aide quoted him as saying: "The American people must call on President Carter to withdraw his support for the Shah's regime."

"Foreign governments which support the Shah must know that once established, an Islamic government will stop supplies of petrol as long as a government which supported the Shah remains in power."

Islam in Iran Page 4
Iran defence cuts Page 5

Express refused injunction against its journalists

BY CHRISTIAN TYLER, LABOUR EDITOR

A HIGH COURT judge refused yesterday to grant immediately an ex parte injunction to Express Newspapers against journalists who are refusing to hand copy put out by the Press Association, the national news agency.

The National Union of Journalists, which was not represented at yesterday's hearing, said it would file affidavits for a further hearing on Thursday.

About 100 NUJ members at the Press Association are striking following a union instruction not to work while its members on over 1,000 provincial newspapers are on strike in pursuit of a £20 a week pay rise.

Most of the remainder of the PA staff have ignored the instruction, but members of the National Graphical Association are refusing to handle copy unless it emanates from the PA's editor.

The NUJ has also instructed all its newspaper members to "black" stories from the Press Association.

Expansion threat

As the provincial journalists' first national strike entered its second week, the NUJ said that disruption of production would spread beyond the 100 or more titles affected so far.

Express Newspapers, publishers of the Daily Express, the London Evening Standard and the new Daily Star, had applied to Mr. Justice Lawson in chambers to stop NUJ members "blackening" the news agency's material.

Express Newspapers claimed that the blacking was affecting the quality of its newspapers, causing extra expense, and that delays in the production of its Manchester editions had caused the loss of up to 10,000 copies there a day.

The court's decision at the resumed hearing will be of considerable interest, since it involves the question of what sympathetic industrial action is legitimate and what is not.

The NUJ chapel (office branch) at the PA, which is already in dispute about a pay award, will itself be meeting on Thursday.

On the same day, journalists of the Times newspaper, which like its sister titles was suspended at the end of last month, will meet to consider the outcome of negotiations on an interim agreement that Times Newspapers is anxious to secure with them.

The journalists are being asked among other things to agree in principle to operate new technology provided that the NGA, the union most affected by the introduction of computer typesetting, consents to it. But the NGA had so far maintained its refusal to give up work which it says belongs to its members.

Continued from Page 1

BOC deal

phrased in a way that makes it very difficult for even the most hardline Labour Left-winger to object to it.

It is now up to the Tories to put down an amendment which will challenge those Labour MPs opposed to the use of pay sanctions to break ranks in the vote, which could be embarrassingly close for the Government.

The signs yesterday, however, were that the Tories' task was becoming increasingly difficult as Left-wingers resorted to other tactics as a means of showing their displeasure both with Government policy and that of the Opposition.

As expected, the Government's motion makes no mention of specific aspects of the counter-inflation policy such as the sensitive question of sanctions.

"Instead, it asks the House to 'welcome the Government's efforts in reducing inflation, and calls on MPs to support a range of objectives such as reducing unemployment and inflation."

The Conservatives will put down their amendment, which will be taken first today. It is expected to concentrate on sanctions rather than embracing the

Brewers to swap 1,000 pubs

By David Churchill, Consumer Affairs Correspondent

THE LARGEST exchange of public houses owned by the big brewers was announced yesterday in a move aimed at ending local monopolies of brewery-owned public houses.

About 1,000 public houses will be exchanged over the next five years after detailed talks between the big brewers on white outlets should be swapped. The deal, which was agreed with Government ministers yesterday, follows criticism from the Monopolies Commission and Price Commission of the dominance of individual brewers' public houses in particular areas.

The swaps will involve only five of the six major brewers since Courage, the Imperial Group subsidiary, has already exchanged a number of its public houses. Between them the big brewers own about 51,000 public houses. Although the swaps still have to be worked out in detail the Brewers' Society said last night that they would involve public houses in nine counties. These were Bedfordshire, Buckinghamshire, Gloucestershire, Hampshire, Hertfordshire, Norfolk, Northamptonshire, Northumberland, and the West Midlands.

The Society refused to give further details of where individual brewers' concentrations of public houses were greatest because employees had not yet been told. Although no direct redundancies will result from the exchanges, the unions have been suspicious of such swaps in the past and have taken strike action in protest.

If the exchanges go ahead as planned the Society said that no national brewer would own more than 50 per cent of public houses in any local Government area with a population of 100,000 or more. In addition, no national brewer would sell more than a third of beer sold in such an area.

Small brewers will not be involved in the exchanges because of their need to have outlets close at hand to remain economically viable.

The latest round of swaps follows the big brewers' between several other similar deals since the 1969 Monopolies Commission criticised brewers' local monopolies of public houses.

The largest swap so far of some 437 public houses - which was implemented earlier this year - took more than two years to negotiate. Altogether about 800 public houses have been exchanged since 1970.

The brewers also agreed in yesterday's talks with Ministers to consider making rival brewer's beers available in their public houses when there was sufficient consumer demand.

News Analysis Page 7

Borrowing jumps to £1.57bn in November

BY MICHAEL BLANDEN

THE CENTRAL Government's borrowing requirement rose sharply last month after a seasonal drop in October, and so far in the current financial year has been running at more than double the level of 1977-78.

In November, the central Government borrowed an estimated £1,570m compared with a total of £1,140m in the same month last year and a repayment of £156m of debt in October.

For the first eight months of 1978-79 the borrowing requirement was provisionally put at £8,330m compared with £3,100m in the same period of the previous year.

The increase so far is well ahead of the Budget forecast of a rise of 79 per cent for the year as a whole.

The excess is due partly to the different timing of tax cuts between the two years, with most of the reductions announced this year already having made their main impact compared with last year when much of the effect was delayed until the second half.

This has led to a relatively slow growth in Inland Revenue receipts during the year so far. In spite of this, however, the increase in the total revenue of the consolidated fund, through which the Government passes its receipts and expenditure, is now running in line with the Budget predictions.

Consolidated fund revenue in November was £2,700m up by £668m compared with the same month of last year. Within the total Inland Revenue receipts increased by £241m and Customs and Excise receipts by £111m.

In the first eight months of the financial year total consolidated fund revenue of £27,100m was up by £2,550m over the previous year. The rise of about 10 per cent was in line with the growth expected in the Budget for the full year.

Inland Revenue receipts in the eight months increased by £1,100m, against a forecast rise of £2,900m for the year. But the apparent shortfall should be made up later; receipts in this period last year were high since they had not reflected the substantial income-tax refunds which followed the increases in personal allowances announced in October, 1977.

On the other side of the account, consolidated fund expenditure is still running ahead of forecast, with the expected large increase in the cost of servicing the national debt one of the main contributing factors.

Expenditure in November was £4,700m, up by £740m over the same month last year. In the year to date the total of £33,100m is £5,400m, or 20 per cent higher than last year, compared with a Budget forecast of a 17 per cent rise in the full year.

The amount met from the consolidated fund for the service of the national debt rose to £2,100m over the first eight months, compared with £1,400m last year.

Retail sales stay ahead

By David Freud

SPENDING in the shops in November remained at the healthy level of the last two months, making it virtually certain that retail sales this year overall will be 5 per cent or more higher than last year.

Provisional estimates from the Department of Trade yesterday put the retail sales volume index at 109.5 in November (1971=100, seasonally adjusted). This compares with 109.6 in October and 109.5 in September.

The level is below the near-peak figures recorded in the late summer, but well above those of the first half of the year.

The total for the first 11 months of the year was 5.1 per cent above the same period last year.

Retailers expect some increase in the December figures, which should mean that their prediction of a 5 per cent year-on-year gain for the year will be comfortably exceeded.

Mr. Richard Weir of the Retail Consortium said that if the Christmas pattern of the past few years held steady, he expected trade to be 6 to 6.5 per cent up this December on the same month last year.

This would bring the index to about 113, exceeding for the first time the record sales levels of 1973 and 1974.

Two factors contributing to the increase are the tax rebates and increased social security benefits paid towards the end of last month and which should be reflected in sales for the first time in December.

There is thus no guarantee that less optimistic, however, even though retailers expect a good January and further increases in the early part of the year after a lull in February.

| RETAIL SALES | | | |
|--------------|---------------------------------------|--|--|
| | Volume 1971=100 (seasonally adjusted) | Value percentage change compared with a year earlier (not seasonally adjusted) | |
| 1977 1st | 103.3 | +14 | |
| 2nd | 102.5 | +13 | |
| 3rd | 104.3 | +15 | |
| 4th | 104.4 | +13 | |
| 1978 1st | 106.3 | +13 | |
| 2nd | 108.0 | +15 | |
| 3rd | 110.8 | +14 | |
| 4th | 108.4 | +15 | |
| 5th | 111.7 | +15 | |
| 6th | 111.8 | +15 | |
| 7th | 109.5 | +13 | |
| 8th | 109.4 | +14 | |
| 9th | 109.5 | +13 | |
| 10th | 109.5 | +13 | |
| 11th | 109.5 | +13 | |
| 12th | 109.5 | +13 | |

* provisional estimate
Source: Department of Trade

Morgan-Grampian bid 'part of pro-South Africa media plan'

BY QUENTIN PEEL

DR. ESCHER RHODIE, the former head of the South African Information Department, who is accused of large-scale misappropriation of Government funds, planned an international network of pro-South Africa media to sell his country's policies to the world.

This has emerged from official and unofficial investigations into the secret activities of Dr. Rhodie's former department, although only a fraction of the projects he launched have been identified. His secret funds totalled R44m (£37.6m) over the last five years.

Confirmation of one major arm of the strategy, a publishing group based on Morgan-Grampian in Britain - came at the weekend from two South African businessmen. They admitted being involved in the project, and although only a fraction of the projects he launched have been identified, his secret funds totalled R44m (£37.6m) over the last five years.

In a newspaper interview published here, he said the aim was to make the magazine pro-South Africa, but not necessarily pro-Government.

When that failed, the two businessmen bought a 50 per cent share of the smaller investors. Review, but were still unable to gain editorial control, and sold the stake this year.

Another unsuccessful exercise was an attempt to gain control of the Washington Star newspaper in the U.S.

According to the Johannesburg Rand Daily Mail, some R10m was earmarked for the purchase and transferred to the U.S. But the bid failed. The newspaper claimed that some of the money was subsequently used to buy a mansion in Miami.

Mr. Pegg also identified several publications, which he claimed were controlled by the Department. They included the reputable West African magazine, although he says the stake was sold earlier this year. He also mentioned Southern African Development, a quarterly published in Britain, and the Department eventually held shares in some 40 foreign and South African companies. Those companies are not identified.

that he and Mr. Abramson were asked by the Information Department to re-organise the management of West Africa magazine.

Although the Erasmus Commission is to continue its inquiries until May next year, the aim is not to expose successful clandestine operations, but to identify any cases where Government money has been misused.

There is thus no guarantee that many of Dr. Rhodie's schemes will be uncovered.

The statement by Mr. Abramson and Mr. Pegg provides the first clear indication of the methods used by the former Information Department in its clandestine operations.

It says that in return for the loan guarantees, "the Department participated in a profit made through these activities, but did not own any shares in our companies overseas. The Department later increased this to a 50 per cent profit participation."

The Department also provided an interest-free loan of more than R1m.

Outstanding

The statement says that Hortors was acquired simply as a vehicle to be injected into an American holding company in order to consolidate South African control of the envisaged international publishing group.

Mr. Abramson and Mr. Pegg bought Hortors for £100,000, and the remainder in August, in a deal valued at some R8m (£4.8m).

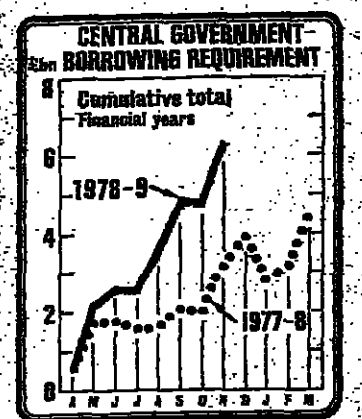
"Foreign loans guaranteed by the Department and totalling approximately R3m are outstanding against our purchase of Hortors shares," they say.

The two businessmen still have international publishing interests, including travel and leisure magazines in Britain and France, through their company, Business Press International.

THE LEX COLUMN

Hawker works down its buying list

Index fell 1.0 to 492.3



After Gardner and Carlton, Hawker Siddeley's acquisition of engineering sectors has now taken it to Westinghouse Brake and Signal, which is the subject of a £40.5m agreed cash bid of 95p a share against 62p last Friday night. If Hawker had enjoyed entirely its own way, this would have represented a substantial step towards the reinvestment of its cash accumulation - which at present stands at around £140m. But Westinghouse has insisted that its shareholders be offered a share alternative, which on a 38 for 100 basis (with Hawker at 238p) works out at 90.4p. Moreover there is a complication in that £1.8m of Westinghouse's estimated £8.2m pre-tax profits for the year ended in September derive from its half-share in Bendix Westinghouse, which under a previous agreement Bendix Corporation will have the right to buy because Westinghouse is changing hands.

Bendix has not yet been approached, but Hawker had had to allow for the possibility that it would have to dispose of the BW stake for, say, between £6m and £8m, which would cut the net size of the investment but raise the fully taxed p/e ratio being paid to around 15. As for the share alternative, it has been made a little less attractive than the cash offer, but swings in the stock market could change all that - as with the Gardner offer last year when Hawker's price was strong and more than half the acceptances were for shares.

Westinghouse shareholders will be pleased enough with an offer nearly 50 per cent above the 1978 high. But they may be a little disappointed that the company's profits turn out to be rather lower than expected in the foundry side, and this must have affected the board's negotiating position. Moreover the Monopolies Commission hurdle has still to be cleared.

Depreciation

Company accounting in Britain lacks an agreed convention. In the main, industrial companies follow the historic cost system, but there are frequent departures when they revalue fixed assets. Such variations become most pronounced in the property investment industry, where it is common for accounts to reflect assets at a variety of values

as now, directly related to the value the assets happen to have in the balance sheet.

P & O

Companies seem to have plenty of scope for glossing over embarrassing foreign subsidiaries in their reports. Only two weeks ago, Lanchester belatedly admitted that its 1977-1978 accounts had provided for £8.5m of cocoa market losses by its Dutch company. Now P & O looks to be on the point of pouring more money into Bavis South East Asia, a building company which shareholders without access to Far Eastern advisers may be surprised to learn is losing around £2m a year. Yesterday this 88 per cent owned subsidiary asked for its shares to be suspended at Kuala Lumpur and Singapore.

P & O spokesmen admitted that but for the existence of sizeable minority shareholdings in Singapore and Malaysia, it could have made a loan to the subsidiary. In that case, public attention might, of course, not have been drawn to the fact that this company, has no equity left. Shareholders might then have been told, as they were in the 1977 annual report, no more than that activities in the area (South-East Asia) were affected by difficult trading conditions.

The shareholders may wonder why P & O is apparently prepared to go on supporting a subsidiary with accumulated losses of £12m which is "more or less written off" in P & O's own books and in respect of which P & O says it has no contingent liabilities. There is one substantial off-balance-sheet asset in the form of Bavis's £8.5m claims against the Singapore Government.

CGRR

The large size of the November Central Government borrowing requirement, at £1,570m, caused a few ripples in the gilt-edged market yesterday afternoon. For City estimates had clustered around the £1bn mark. The December figure, moreover, will be affected by the latest round of income tax rebates. What seems to be happening is that rising government spending, especially on debt interest and upgraded social security and child accounts comparable on the faster than the higher taxes historic cost system it hardly generated by an expanding economy and rapidly rising depreciation charge should be wages.

Weather

UK TODAY

MILD with rain and bright spells in some parts.

London, E. Anglia, E. N.E. England, N. Midlands, S. Scotland. Mainly dry with sunny periods. Some rain later. Max. 12C (54F).

Wales, S. England, Channel Islands, S. W. Midlands. Showers with sunny intervals. Rain spreading from West. Max. 14C (57F).

N.W. England, Lakes, Isle of Man, Scottish Islands. Showers or longer periods of rain, heavy at times. Max. 10C (50F-55F).

Outlook: Unsettled with showers or heavier rain. Cooler.

From the London Weather Centre

BUSINESS CENTRES


| | Y'day | | Y'day | | |
|--------------|--------|----|-----------|------|----|
| | midday | | midday | | |
| Alexandria | C 16 | 18 | Luxemburg | S 16 | 59 |
| Amman | C 16 | 18 | Madrid | R 16 | 45 |
| Algiers | C 16 | 18 | Moscow | R 16 | 45 |
| Bahrain | C 16 | 18 | Munich | R 16 | 45 |
| Batavia | C 16 | 18 | Nairobi | R 16 | 45 |
| Bombay | C 16 | 18 | Paris | R 16 | 45 |
| Buenos Aires | C 16 | 18 | Rome | R 16 | 45 |
| Calcutta | C 16 | 18 | Sao Paulo | R 16 | 45 |
| Canton | C 16 | 18 | Seoul | R 16 | 45 |
| Cebu | C 16 | 18 | Stockholm | R 16 | 45 |
| Colon | C 16 | 18 | Taipei | R 16 | 45 |
| Hankow | C 16 | 18 | Tokyo | R 16 | 45 |
| Hong Kong | C 16 | 18 | Winnipeg | R 16 | 45 |
| Kobe | C 16 | 18 | Zurich | R 16 | 45 |
| London | C 16 | 18 | | | |

HOLIDAY RESORTS

| | Y'day | Monday | Y'day | Monday | |
|--------------|-------|--------|------------|--------|----|
| | C | F | C | F | |
| Algeria | 5 | 38 | Jersey | 5 | 38 |
| Algiers | 5 | 38 | Las Palmas | 5 | 38 |
| Bahrain | 5 | 38 | Lisbon | 5 | 38 |
| Batavia | 5 | 38 | Luxemburg | 5 | 38 |
| Bombay | 5 | 38 | Madrid | 5 | 38 |
| Buenos Aires | 5 | 38 | Moscow | 5 | 38 |
| Calcutta | 5 | 38 | Munich | 5 | 38 |
| Canton | 5 | 38 | Nairobi | 5 | 38 |
| Cebu | 5 | 38 | Paris | 5 | 38 |
| Colon | 5 | 38 | Rome | 5 | 38 |
| Hankow | 5 | 38 | Sao Paulo | 5 | 38 |
| Hong Kong | 5 | 38 | Seoul | 5 | 38 |
| Kobe | 5 | 38 | Stockholm | 5 | 38 |
| London | 5 | 38 | Taipei | 5 | 38 |
| | | | Tokyo | 5 | 38 |
| | | | Winnipeg | 5 | 38 |
| | | | Zurich | 5 | 38 |

| | | | |
|---------|----------|---------|--------|
| 5-Sunny | C-Cloudy | R-Rain | F-Fair |
| 6-Foggy | Fl-Flo. | Su-Snow | |

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